

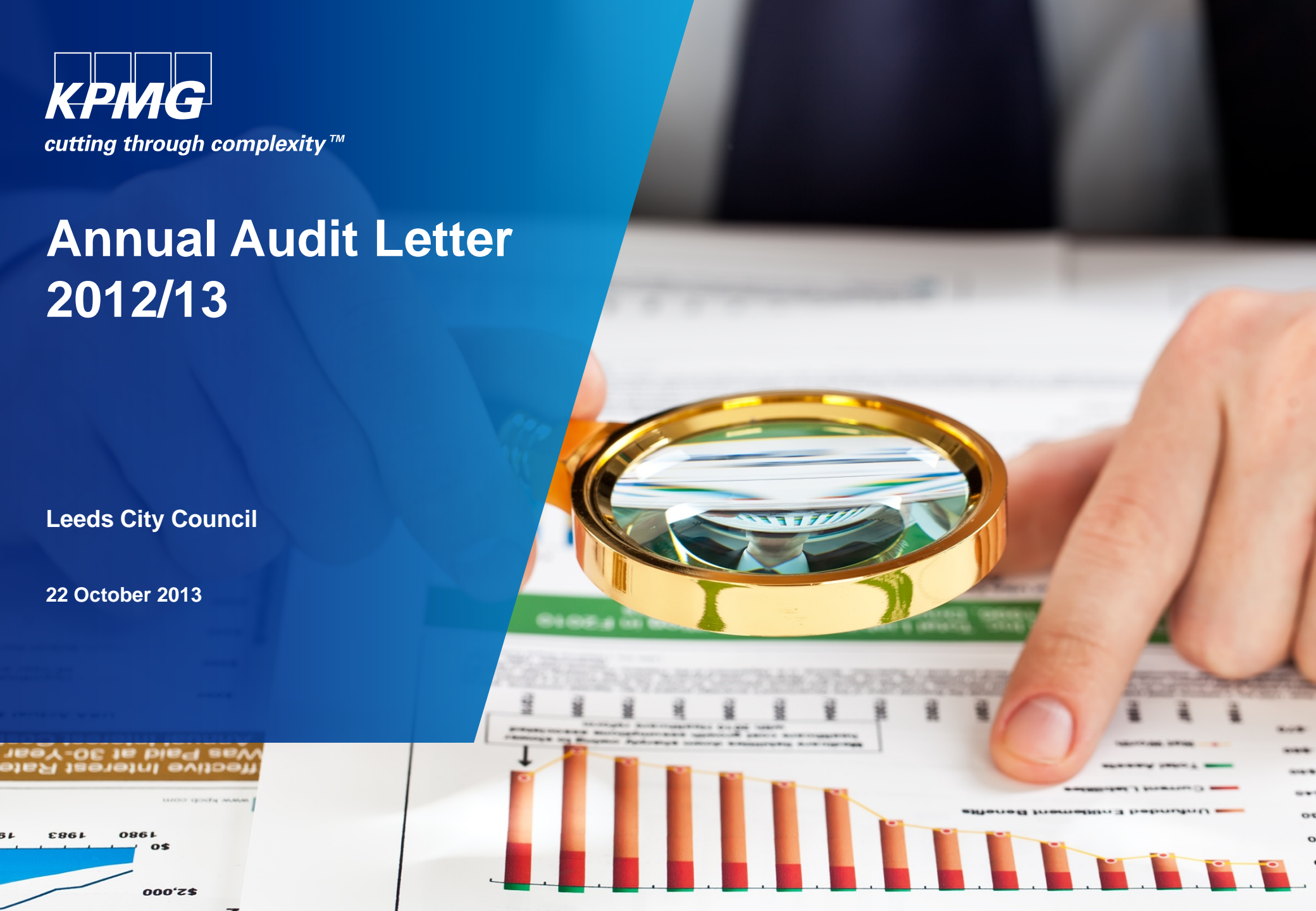


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Annual Audit Letter 2012/13

Leeds City Council

22 October 2013



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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies*. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document which is available on the Audit Commission's website at www.auditcommission.gsi.gov.uk.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact John Prentice, the appointed engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk, who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to complaints@audit-commission.gsi.gov.uk. Their telephone number is 0303 444 8330.

This report summarises the key findings from our 2012/13 audit of Leeds City Council (the Authority).

Although this letter is addressed to the Members of the Authority, it is also intended to communicate these issues to key external stakeholders, including members of the public.

Our audit covers the audit of the Authority's 2012/13 financial statements and the 2012/13 VFM conclusion.

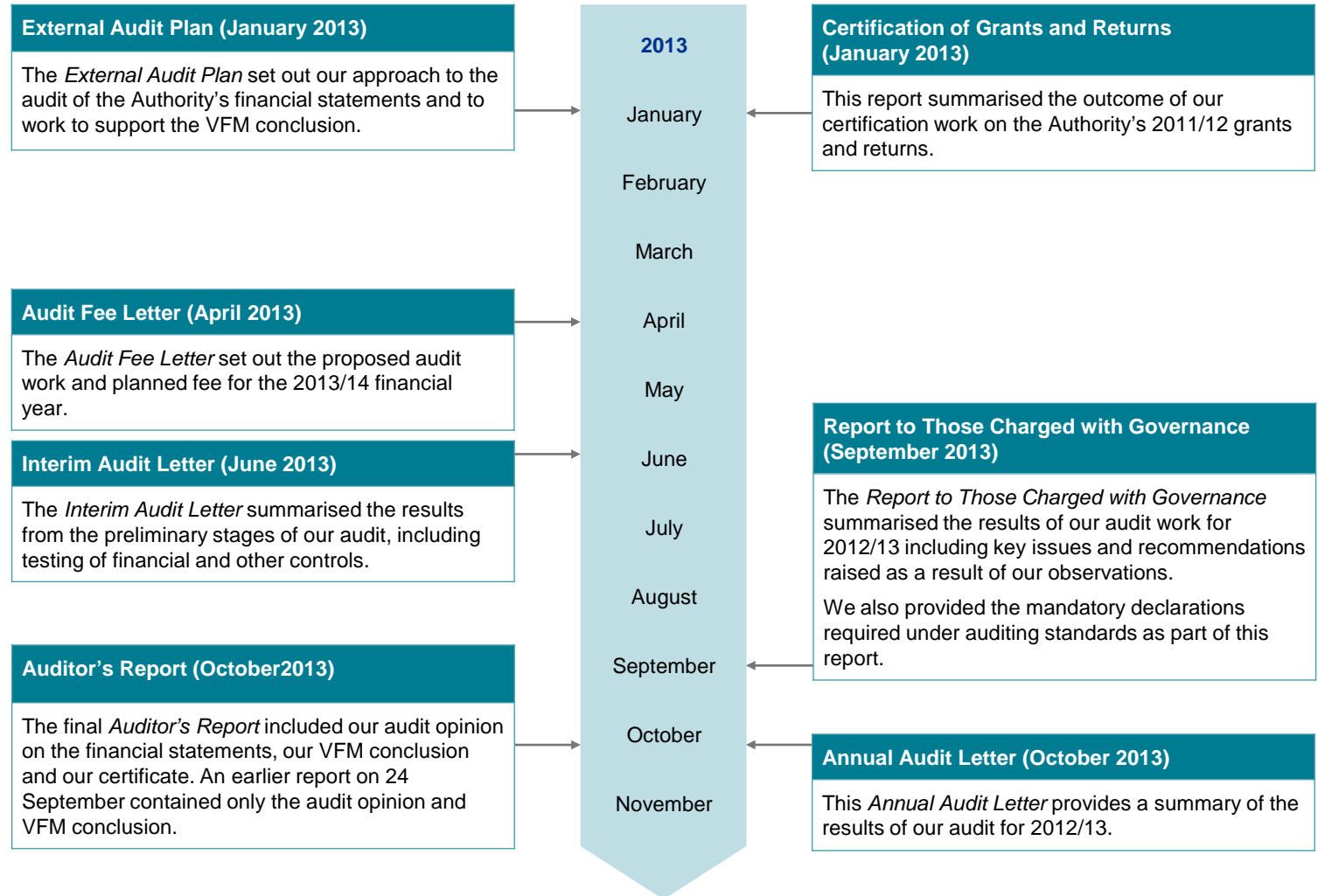
VFM conclusion	<p>We issued an unqualified value for money (VFM) conclusion for 2012/13 on 24 September 2013.</p> <p>This means we are satisfied that you have proper arrangements for securing financial resilience and challenging how you secure economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at your financial governance, financial planning and financial control processes, as well as how you are prioritising resources and improving efficiency and productivity.</p>
VFM risk areas	<p>In our External Audit Plan, issued in January 2013, we identified the significant challenge Local Authorities face to deliver budget savings as a risk to the Authority achieving its VFM responsibilities.</p> <p>We monitored the Authority's budget position throughout the year through the monthly financial monitoring reports to Executive Committee. The Authority achieved its budget targets at outturn, with a further £6.7m of savings achieved.</p> <p>We therefore did not need to carry out any additional local risk-based work on the financial resilience criterion and concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.</p>
Audit opinion	<p>We issued an unqualified opinion on your financial statements on 24 September 2013. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. The financial statements also include those of the Authority's Group, which consists of the Authority itself and the subsidiaries, associates and joint ventures of the Authority, the most significant being the three housing ALMOs Aire Valley Homes, West North West Homes and East North East Homes.</p>
Financial statements audit	<p>There were no significant issues identified in the financial statements audit.</p>
Annual Governance Statement	<p>We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding of the Authority.</p> <p>There were no significant amendments required to the draft statement.</p>

All the issues in this letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 1.

Whole of Government Accounts	We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements on 4 October 2013.
Recommendations	There were no high priority recommendations following our 2012/13 audit work. We raised three low priority recommendations around the IT control environment.
Certificate	We issued our certificate on 4 October 2013. The certificate confirms that we have concluded the audit for 2012/13 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission's <i>Code of Audit Practice</i> .
Audit fee	Our fee for 2012/13 was £307,800 excluding VAT. This was a reduction of 40% from 2011/12. This reflects the significant reductions made nationally by the Audit Commission to its scale fees.

Appendix 1: Summary of reports issued

This appendix summarises the reports we issued since our last *Annual Audit Letter*.





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