

## Appendix 1



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29<sup>th</sup> September 2010

Dear KPMG LLP

The Council understands that auditing standards require you to obtain representations from management on certain matters material to your opinion. Accordingly I can confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of the council, the following representations given to you in connection with your audit of the financial statements for Leeds City Council for the year ended 31 March 2010.

All the accounting records have been made available to you for the purpose of your audit and the full effect of all the transactions undertaken by Leeds City Council has been properly reflected and recorded in the accounting records in accordance with agreements, including side agreements, amendments and oral agreements. All other records and related information, including minutes of all managements and Board meetings, have been made available to you.

I can confirm that we have disclosed all material related party transactions relevant to the council and we are not aware of any other such matters required to be disclosed in the financial statements, whether under FRS 8 or other requirements.

I can confirm that we are not aware of any actual or potential non-compliance with laws and regulations that would have had a material effect on the ability of the council to conduct its business and therefore on the results and financial position to be disclosed in the financial statements for the year ended 31 March 2010.

I acknowledge that I am responsible for the fair presentation of the financial statements in accordance with the Local Government Statement of Recommended Practice ("SORP") and wider UK accounting standards. I have considered and approved the financial statements.

I can confirm that we;

- Understand that the term "fraud" includes misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. Misstatements resulting from fraudulent financial reporting involve intentional misstatement or omissions of amount or disclosure in financial statements to deceive financial statement users. Misstatements resulting from misappropriation of assets involve the theft of an entity's assets, often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

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- Are responsible for the design and implementation of internal control to prevent and detect fraud and error.
- Have disclosed to you our knowledge of fraud or suspected fraud affecting the Council involving:
  - (i) management;
  - (ii) employees who have significant roles in internal control; or
  - (iii) others where the fraud could have a material effect on the financial statements.
- Have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Have disclosed to you our knowledge of any allegations of fraud, or suspected fraud, affecting the council's financial statements communicated by employees, former employees, analysts, regulators or others; and
- Have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

I can confirm that the presentation and disclosure of the fair value measurements of material assets; liabilities and components of equity are in accordance with applicable reporting standards. The amounts disclosed represent our best estimate of fair value of assets and liabilities required to be disclosed by these standards. The measurement methods and significant assumptions used in determining fair value have been applied on a consistent basis, are reasonable and they appropriately reflect our intent and abilities to carry out specific courses of action on behalf of the Council where relevant to the fair value measurement or disclosures.

I can confirm that there are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than that already disclosed in the financial statements.
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements.

With reference to the specific issues on which you have requested assurances in the report to members, I can confirm that:

- All expenditure contained within the Housing Revenue Account (HRA) has been used to fund HRA activities; and
- All capitalised expenditure relating to Highways is fully compliant with the requirements of FRS 15 (Tangible Fixed Assets).
- The Council has no liability in respect of the £10.5m grant from Yorkshire Forward for the East Leeds Link Road.

Finally, no additional significant post balance sheet events have occurred that would require additional adjustment or disclosure in the financial statements, over and above those events already disclosed.

This letter was tabled at the meeting of the Corporate Governance and Audit Committee on 29<sup>th</sup> September 2010.

Alan Gay  
Director of Resources

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To the best of our knowledge and belief, and having made appropriate enquiries of other officers and members of the council, we can confirm, our agreement to the above representations, given to you in connection with your audit of the financial statements for Leeds City Council for the year ended 31 March 2010.

We also confirm that we have considered and approved the financial statements.

This letter of representation was approved by the Corporate Governance and Audit Committee on 29 September 2010.

Signed on behalf of Leeds City Council.

Councillor Geoff Driver

Chair, Corporate Governance and Audit Committee