

APPENDIX 2

Please Ask for : Mr A. Phillips
Direct Line : (01656) 643311

KPMG LLP
Chartered Accountants
Marlborough House
Fitzalan Court
Fitalan Road
Cardiff

CF24 0TE

Dear KPMG LLP,

We understand that auditing standards require you to obtain representations from management on certain matters material to your opinion. Accordingly we confirm to the best of our 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 Bridgend County Borough Council for the year ended 31st March 2006.

We confirm that all material related party transactions relevant to the Council have been disclosed 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.

We 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 disclosed in the financial statements for the year ended 31st March 2006.

We confirm and understand that there are no unadjusted audit differences that we have been made aware of..

We confirm that:

- we acknowledge our responsibility for the design and implementation of systems of internal control to prevent and detect fraud;
- we 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;
- we have disclosed to you our knowledge of fraud or suspected fraud affecting the entity 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; and
- we 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, regulators or others.

We confirm that the measurement methods, including related assumptions, used to determine fair values comply with the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice 2005* and have been consistently applied. We also confirm that the disclosures relating to fair values are complete and appropriate and in accordance with the local government financial reporting framework.

We 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.

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 approved by the Audit Committee that considered and approved the financial statements on 26th October 2006.

Yours faithfully

Mr A. Phillips, C.P.F.A

Assistant Director – Finance
Resources Directorate
Bridgend CBC
26th October 2006