



# The Annual Audit Letter for Sevenoaks District Council

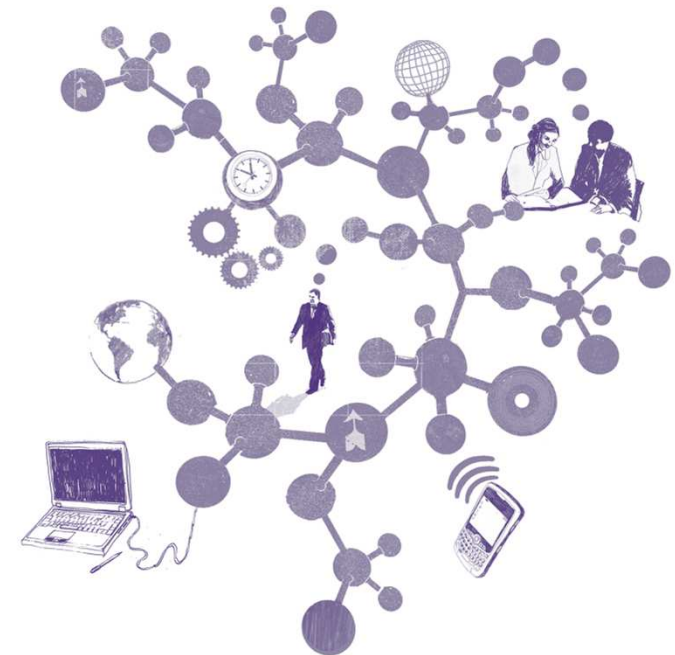
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**Year ended 31 March 2013**

October 2013

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## Section 1: Executive summary

**01. Executive summary**

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# Executive summary

## Purpose of this Letter

Our Annual Audit Letter ('Letter') summarises the key findings arising from the following work that we have carried out at Sevenoaks District Council ('the Council') for the year ended 31 March 2013:

- auditing the 2012/13 accounts and Whole of Government Accounts submission (Section two)
- assessing the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (Section three)
- certification of grant claims and returns (Section four).

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. We reported the detailed findings from our audit work to those charged with governance in the Audit Findings Report on 10 September 2013.

## Responsibilities of the external auditors and the Council

This Letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission ([www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)).

The Council is responsible for preparing and publishing its accounts, accompanied by an Annual Governance Statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (Value for Money).

Our annual work programme, which includes nationally prescribed and locally determined work, has been completed in line with the Audit Plan that we presented to the Audit Committee on 11 June 2013. Our audit was conducted in accordance with the Audit Commission's Code of Audit Practice ('the Code'), International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

## Audit conclusions

The audit conclusions we have provided in relation to 2012/13 are as follows:

- unqualified opinion on the accounts which give a true and fair view of the Council's financial positions as at 31 March 2013 and the income and expenditure for the year
- unqualified conclusion in respect of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources
- submitted the short form assurance statement on the Council's Whole of Government Accounts
- certified completion of the audit
- the National Non Domestic Rates return has been certified with a very small amendment.

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# Executive summary

## **Key areas for the Council's attention**

We summarise here the key messages arising from our audit for the Council to consider, as well as highlighting key issues facing the Council in the future.

- The financial statements were prepared on time, except for the Annual Governance Statement. The finance team have been fully cooperative throughout the audit, providing information on a timely basis. However there is scope to improve the quality review of the financial statements to reduce the number of presentational and typographical errors.
- The Council's key financial indicators demonstrate a track record of strong performance and a healthy financial position.
- The Council's medium term financial planning process is strong and the 10 year financial plan reflects best practice and has helped to mitigate projected funding shortfalls using risk reserves.

## **Acknowledgements**

This Letter has been agreed with the Chief Executive and the Chief Finance Officer and will be presented to the 14 January 2014 Audit Committee.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

**Grant Thornton UK LLP**  
**October 2013**

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## Section 2: *Audit of the accounts*

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# Audit of the accounts

## **Audit of the accounts**

The key findings of our audit of the accounts are summarised below:

### **Preparation of the accounts**

The Council presented us with draft accounts, except for the Annual Governance Statement, on 28 June 2013, in accordance with the national deadline. Detailed working papers were made available from the start of the audit fieldwork. The working papers were prepared to a good standard and we received a high level of assistance and cooperation during the audit from Finance staff. However there is scope to improve the quality review of the financial statements to reduce the number of presentational and typographical errors.

### **Issues arising from the audit of the accounts**

The audit of the accounts progressed well, although we identified adjustments affecting the Council's reported financial position. The main change related to a piece of land no longer owned by the Council, following the surrender of the lease. We also made a number of adjustments to improve the presentation of the financial statements.

## **Conclusion**

Prior to giving our opinion on the accounts, we are required to report significant matters arising from the audit to 'those charged with governance' (defined as the Audit Committee at the Council). We presented our report to the Audit Committee on 10 September 2013 and summarise only the key messages in this Letter.

We issued an unqualified opinion on the Council's 2012/13 accounts on 27 September 2013, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the accounts give a true and fair view of the financial position and of the income and expenditure. Also on 27 September 2013, we submitted the short form assurance statement on the Council's Whole of Government Accounts.

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## Section 3: Value for Money

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# Value for Money

## Scope of work

The Code describes the Council's responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in its use of resources
- ensure proper stewardship and governance
- review regularly the adequacy and effectiveness of these arrangements.

We are required to give a VFM conclusion based on the following two criteria specified by the Audit Commission which support our reporting responsibilities under the Code:

**The Council has proper arrangements in place for securing financial resilience.** The Council has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.

**The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness.** The Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

## Key findings

### Securing financial resilience

We have undertaken a review which considered the Council's arrangements against the three expected characteristics of proper arrangements as defined by the Audit Commission:

- financial governance
- financial planning
- financial control.

Our high level risk assessment was that the Council's arrangements in each area met or exceeded adequate standards. The Council's key financial indicators demonstrate a track record of strong performance and a healthy financial position. The Council's track record of good financial performance is indicative of robust financial planning arrangements. The 10 year financial plan reflects best practice and has helped to mitigate projected funding shortfalls using risk reserves. This allows the Council to take a longer term view in regard to addressing funding shortfalls through service development.

### Challenging economy, efficiency and effectiveness

We have reviewed whether the Council has prioritised its resources to take account of the tighter constraints it is required to operate within and found this to be satisfactory. In particular the Council's plans continue to be on track in relation to the extensive range of shared working and partnerships that deliver services such as Revenues & Benefits, Environmental Health, Licensing, Audit and Fraud.

### Overall VFM conclusion

On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013.

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## Section 4: Certification of grant claims and returns

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# Certification of grant claims and returns

## Introduction

We are required to certify certain of the claims and returns submitted by the Council. This certification typically takes place some six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

We have certified one return for the financial year 2012/13 relating to National Non Domestic Rates (NNDR) and have one claim in progress, Housing Benefit and Council Tax Benefit Subsidy.

## Approach and context to certification

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.

## Key messages

The key messages from our certification work are summarised in the table below. Further details will be provided in our certification report to be issued in January 2014.

## Summary of the Council's arrangements

Aspect of certification arrangements	Key Messages	RAG rating
<b>Submission &amp; certification</b>	One claim and one return were submitted to us in line with the Departments' deadlines.	● Green
<b>Accuracy of claim forms submitted to the auditor (including amendments &amp; qualifications)</b>	The NNDR return was subject to a very small amendment. Our work on the Housing Benefit and Council Tax Benefit Subsidy claim 40 plus testing is in progress.	To be confirmed once Housing Benefit and Council Tax Benefit Subsidy testing complete
<b>Supporting working papers</b>	The quality and timeliness of the working papers to support both the claim and return have been good. We have received a high level of cooperation, especially in relation to the Housing Benefit and Council Tax Benefit Subsidy claim.	● Green

# Appendices

## Appendix A: Reports issued and fees

We confirm below the fee charged for the audit and confirm there were no fees for the provision of non audit services.

### Fees

	Per Audit plan £	Actual fees £
Audit Fee	56,641	58,641
Grant certification fee estimate	30,300	TBC
<b>Total fees</b>	<b>86,941</b>	<b>TBC</b>

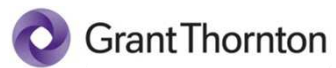
### Fees for other services

Service	Fees £
None	Nil

Additional time has been incurred dealing with the misclassification and disclosure changes. This is subject to confirmation by the Audit Commission

### Reports issued

Report	Date issued 2013
Audit Plan	June
Audit Findings Report	September
Certification report	Planned January 2014
Annual Audit Letter	October



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