



# The Audit Findings for Sevenoaks District Council

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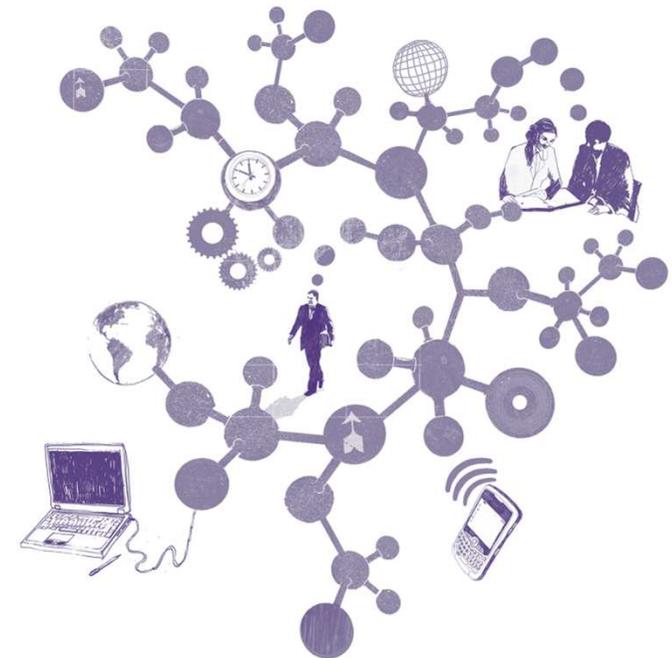
**Year ended 31 March 2014**

9 September 2014

**Andy Mack**  
Engagement Lead  
T 020 7728 3341  
E [Andy.L.Mack@uk.gt.com](mailto:Andy.L.Mack@uk.gt.com)

**Geoffrey Banister**  
Audit Manager  
T 07880 456 177  
E [Geoffrey.C.Banister@uk.gt.com](mailto:Geoffrey.C.Banister@uk.gt.com)

**Rufaro K Dewu**  
In-Charge Accountant  
T 020 7728 3240  
E [rufaro.k.dewu@uk.gt.com](mailto:rufaro.k.dewu@uk.gt.com)



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify.

We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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## Section 1: Executive summary

**01. Executive summary**

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03. Value for Money

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05. Communication of audit matters

# Executive summary

## Purpose of this report

This report highlights the key matters arising from our audit of Sevenoaks District Council's ('the Council') financial statements for the year ended 31 March 2014. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of International Standard on Auditing 260 (ISA).

Under the Audit Commission's Code of Audit Practice we are required to report whether, in our opinion, the Council's financial statements present a true and fair view of the financial position, its expenditure and income for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. We are also required to reach a formal conclusion on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion).

## Introduction

In the conduct of our audit we have not had to alter or change our planned audit approach, which we communicated to you in our Audit Plan presented to the June 2014 Audit Committee.

Our audit is substantially complete although we are finalising our work in the following areas:

- review of the final version of the financial statements
- obtaining and reviewing the final management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion and

- Work on the Whole of Government Accounts

We received draft financial statements and accompanying working papers at the start of our audit, in accordance with the agreed timetable.

## Key issues arising from our audit

### Financial statements opinion

We anticipate providing an unqualified opinion on the financial statements. We have identified one adjustments affecting the Council's reported financial position (details are recorded in section 2 of this report). The draft financial statements recorded total comprehensive income and expenditure of £10,470k; the audited financial statements show total comprehensive income and expenditure of £9,875k. This change relates to the incorrect treatment of non domestic rates income of £595k in the comprehensive income and expenditure. We have also identified a number of adjustments to improve the presentation of the financial statements.

The key messages arising from our audit of the Council's financial statements are:

- The financial statements were provided by the deadline, although as last year, there was scope to reduce the number of presentational errors through a more thorough quality review process
- The quality of the working papers and documents supporting the balances within the financial statements were of a good standard.
- Our substantive testing of the balances within the financial statements has identified only two issues which relate to non domestic rates and gross expenditure and gross income figures, that we are required to report.
- There were a number of minor presentational issues that the Council has corrected in the revised set of financial statements. Further details are set out in section 2 of this report.

### **Value for Money conclusion**

We are pleased to report that, based on our review of the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources, we propose to give an unqualified VfM conclusion.

Further detail of our work on Value for Money is set out in section 3 of this report.

### **Whole of Government Accounts (WGA)**

We will complete our work in respect of the Whole of Government Accounts in accordance with the national timetable.

### **Audit Certificate**

The audit certificate will be issued once our work in respect of Whole of Government Accounts is completed.

### **Controls**

The Council's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Council. Our work has not identified any control weaknesses which we wish to highlight for your attention. Further details are provided within section 2 of this report.

### **The way forward**

Matters arising from the financial statements audit and review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources have been discussed with the Chief Finance Officer.

We have made a number of recommendations, which are set out in the action plan in Appendix A. Recommendations have been discussed and agreed with the Chief Finance Officer and the finance team.

We propose to hold a debrief meeting with the finance team after the accounts are signed off to discuss how the Council can both strengthen and bring forward its accounts closedown process in future years. This will be particularly important given the Department for Communities and Local Government's proposals to move the sign off deadline to 31 July by 2018.

### **Acknowledgment**

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

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## Section 2: *Audit findings*

01. Executive summary

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# Audit findings

In this section we present our findings in respect of matters and risks identified at the planning stage of the audit and additional matters that arose during the course of our work. We set out on the following pages the work we have performed and findings arising from our work in respect of the audit risks we identified in our audit plan, presented to the Audit Committee on 10 June 2014. We also set out the adjustments to the financial statements arising from our audit work and our findings in respect of internal controls.

## **Changes to Audit Plan**

We have not made any changes to our Audit Plan as previously communicated to you at the Audit Committee on 10 June 2014.

## **Audit opinion**

We anticipate that we will provide the Council with an unmodified opinion. Our audit opinion is set out in Appendix B.

## Audit findings against significant risks

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA 315).

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
1.	<p><b>Improper revenue recognition</b></p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper recognition</p>	<ul style="list-style-type: none"> <li>• review and testing of revenue recognition policies</li> <li>• testing of material revenue streams</li> <li>• review of unusual significant transactions</li> </ul>	<p>Our audit work has not identified any issues in respect of revenue recognition.</p>
2.	<p><b>Management override of controls</b></p> <p>Under ISA 240 there is a presumed risk of management over-ride of controls</p>	<ul style="list-style-type: none"> <li>• review of accounting estimates, judgements and decisions made by management</li> <li>• testing of journal entries</li> <li>• review of unusual significant transactions</li> </ul>	<p>Our audit work has not identified any evidence of management override of controls. In particular the findings of our review of journal controls and testing of journal entries has not identified any significant issues.</p> <p>We set out later in this section of the report our work and findings on key accounting estimates and judgments.</p>

## Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses, are attached at Appendix A.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
<b>Operating expenses</b>	Creditors understated or not recorded in the correct period	We have undertaken the following work in relation to this risk: <ul style="list-style-type: none"> <li>• documented our understanding of processes and key controls over the transaction cycle</li> <li>• undertaken walkthrough of the key controls to assess the whether those controls are designed effectively</li> <li>• testing of a sample of the Council's operating expenditure incurred during the year</li> <li>• testing of a sample of the Council's creditors at year end, including checking for payment post-period end</li> </ul>	Our audit work has not identified any significant issues in relation to the risk identified
<b>Employee remuneration</b>	Employee remuneration accrual understated	We have undertaken the following work in relation to this risk: <ul style="list-style-type: none"> <li>• documented our understanding of processes and key controls over the transaction cycle</li> <li>• undertaken walkthrough of the key controls to assess the whether those controls are designed effectively</li> <li>• testing of a sample of the payroll expenditure incurred during the year</li> <li>• testing of a sample of the payroll expenditure at year end, including checking for payment post-period end</li> <li>• a review of the work of the pension fund actuary and substantive tests on the cost of pensions</li> </ul>	Our audit work has not identified any significant issues in relation to the risk identified
<b>Welfare expenditure</b>	Welfare benefit expenditure improperly computed	We have undertaken the following work in relation to this risk: <ul style="list-style-type: none"> <li>• documented our understanding of processes and key controls over the transaction cycle</li> <li>• undertaken walkthrough of the key controls to assess the whether those controls are designed effectively</li> <li>• We have completed modules set by the Department for Work &amp; Pensions which included performance of an analytical review for the Housing and Council Tax Benefits Claim certification. We have tested samples of welfare benefit expenses from across the year, for which the benefit payable will be recalculated to determine whether the amount paid was in accordance with Department for Work &amp; Pensions' guidelines and welfare legislation</li> </ul>	Our audit work has not identified any significant issues in relation to the risk identified

## Accounting policies, estimates & judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Council's financial statements.

Accounting area	Summary of policy	Comments	Assessment
<b>Revenue recognition</b>	The Council's revenue recognition policies are disclosed within the accounting policies. This confirms that the revenue is recognised in the year to which it relates, rather than when the cash is actually received.	Our review of this policy confirms it is in line with the CIPFA Code of Practice.	● Green
<b>Judgements and estimates</b>	Key estimates and judgements included within the accounts include: <ul style="list-style-type: none"> <li>• Going concern</li> <li>• Leases</li> <li>• Arrears</li> <li>• Business rate appeals</li> <li>• Pensions liability</li> <li>• Property, Plant and Equipment</li> <li>• Provisions</li> </ul>	Following our consideration of these judgements and estimates, we are satisfied they are in line with the Code of Practice, and with the approach taken by the Council in the previous year. We have performed a detailed review of the Council's business rate appeals provision, which falls due on the Council for the first time in 2013/14. We are satisfied the Council has taken a robust approach to estimating this provision.	● Green
<b>Other accounting policies</b>	<ul style="list-style-type: none"> <li>• We have reviewed the Council's policies against the requirements of the CIPFA Code and accounting standards.</li> </ul>	Our review of accounting policies has not highlighted any issues which we wish to bring to your attention	● Green

### Assessment

● **Red** Marginal accounting policy which could potentially attract attention from regulators ● **Amber** Accounting policy appropriate but scope for improved disclosure  
● **Green** Accounting policy appropriate and disclosures sufficient

## Adjusted misstatements

A number of adjustments to the draft financial statements have been identified during the audit process. We are required to report all misstatements to those charged with governance, whether or not the financial statements have been adjusted by management. The table below summarises the adjustments arising from the audit which have been processed by management.

### Impact of adjusted misstatements

All adjusted misstatements are set out below along with the impact on the primary statements and the reported financial position.

Detail	Comprehensive Income and Expenditure Account £'000	Balance Sheet £'000	Impact on total net expenditure £000
<p>1 <b>Non domestic rates</b> Adjustment to correct the incorrect treatment of non domestic rates income as the entry should have gone through the movement in reserves statement (MIRS) and Collection Fund Adjustment Account instead of on the face of the comprehensive income and expenditure statement.</p>	595 DR	595 CR NDR Debtors	595 DR
<p>2 <b>Comprehensive income and expenditure statement</b> Gross Expenditure (was £57,787k now £51,587k) and Gross Income figures (was £42,937k now £36,737k) in the comprehensive income and expenditure statement are incorrect as they do not agree to the General Ledger. The net expenditure does not change.</p>			nil

## Misclassifications & disclosure changes

The audit identified misclassifications and disclosure notes which required amendments. Management have chosen to amend these and add the additional disclosures where required.

Examples include:

- Financial instruments note not disclosing cash and cash equivalents
- External audit fees
- Casting errors
- Disclosure of new accounting standards
- Note 24 - the 13/14 table included an incorrect figure of (£3,176k) against fees & charges for Legal & Governance. It should be (£176k).
- Movement in reserves note included incorrect figures

## Unadjusted misstatements

There are no adjustments identified which we request be processed but which have not been made within the final set of financial statements.

## Internal controls

The purpose of an audit is to express an opinion on the financial statements.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

We have not identified any significant deficiencies in the Council's internal controls

### Assessment

- Significant deficiency – risk of significant misstatement
- Deficiency – risk of inconsequential misstatement

## Other communication requirements

We set out below details of other matters which we are required by auditing standards to communicate to those charged with governance.

	<b>Issue</b>	<b>Commentary</b>
1.	<b>Matters in relation to fraud</b>	<ul style="list-style-type: none"> <li>We have previously discussed the risk of fraud with the Audit Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.</li> </ul>
2.	<b>Matters in relation to laws and regulations</b>	<ul style="list-style-type: none"> <li>We are not aware of any significant incidences of non-compliance with relevant laws and regulations.</li> </ul>
3.	<b>Written representations</b>	<ul style="list-style-type: none"> <li>A letter of representation has been requested from the Council.</li> </ul>
4.	<b>Disclosures</b>	<ul style="list-style-type: none"> <li>Our review found no material omissions in the financial statements.</li> </ul>
5.	<b>Matters in relation to related parties</b>	<ul style="list-style-type: none"> <li>We are not aware of any related party transactions which have not been disclosed.</li> </ul>
6.	<b>Going concern</b>	<ul style="list-style-type: none"> <li>Our work has not identified any reason to challenge the Council's decision to prepare the financial statements on a going concern basis.</li> </ul>

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## Section 3: Value for Money

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# Value for Money

## Value for money conclusion

The Code of Audit Practice 2010 (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; and
- review regularly the adequacy and effectiveness of these arrangements.

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

These criteria are:

### **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; and
- Financial control

Overall our work highlighted the Council has effective arrangements for securing financial resilience. The Council has a detailed ten year financial plan and has identified its key financial targets for the period up to 2024. Financial governance arrangements are strong and effective financial control enabled the successful delivery of planned financial outcomes for the year.

### **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 whether it has achieved cost reductions and improved productivity and efficiencies.

Our work highlighted that the Council successfully challenges economy, efficiency and effectiveness in its use of resources. The Council's decision to seek to be financially self-sustainable has had a direct impact on the Council's investment and asset management strategy. Currently being developed are approaches to invest in land and property that generate a return and to also establish a trading company to maximise both opportunities to invest and levels of return.

## 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 2014.

## Value for Money

We set out below our detailed findings against six risk areas which have been used to assess the Council's performance against the Audit Commission's criteria. We summarise our assessment of each risk area using a red, amber or green (RAG) rating, based on the following definition:

**Green - Adequate arrangements**

**Amber - Adequate arrangements, with areas for development**

**Red - Inadequate arrangements**

The table below summarises our findings for each of the themes reviewed:

Theme	Summary findings	High Level Risk Assessment
<b>Key indicators of performance</b>	The Council's key financial outcomes continue a track record of strong financial performance. The Council successfully delivered the 2013/14 budget and has maintained its robust reserve levels that will enable it to continue to invest in projects in the future.	● Green
<b>Strategic financial planning</b>	The Council has robust financial planning arrangements and delivery of 2014/15. 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	● Green
<b>Financial governance</b>	The Council's financial governance arrangements have been strengthened in the year. The establishment of the Audit Committee has increased the Council's scrutiny of key Internal Audit reports and the focus on the financial statements. The Audit Committee has overseen the implementation of a refreshed risk management policy and corporate risk register.	● Green
<b>Financial control</b>	The Council has a strong track record on budgetary and financial control, demonstrated by good financial outcomes, which is indicative of a robust financial control framework.	● Green
<b>Prioritising resources</b>	The Council has demonstrated a willingness to take on innovative and financially effective solutions to service delivery, demonstrating a clear strategy and rationale for the use of its financial and other resources.	● Green
<b>Improving efficiency &amp; productivity</b>	The Council has a demonstrable track record of always seeking to deliver savings in support of the need to deliver a balanced budget. This has included in the past a review of salary bands and continues to include seeking new ways of working or working in partnership with other local authorities.	● Green

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## Section 4: Fees, non audit services and independence

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## Fees, non audit services and independence

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

### Fees

	Per Audit plan £	Actual fees £
Council audit	56,641	Estimate 59,541
Grant certification	30,300	Estimate 20,000
<b>Total audit fees</b>	<b>£86,941</b>	<b>£79,541</b>

The increase in the Council's audit fee is due to the Audit Commission's approval in principle of a fee variation for the additional work required on business rates and for the number of presentational errors.

The reduction in the grant certification fees is because some grant claims previously subject to audit certification now fall outside of the Audit Commission remit, but were originally included within the planned fees.

### Fees for other services

Service	Fees £
None	Nil

### Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

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## Section 5: Communication of audit matters

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05. Communication of audit matters

# Communication of audit matters to those charged with governance

International Standard on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

The Audit Plan outlined our audit strategy and plan to deliver the audit, while this Audit Findings report presents the key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

## Respective responsibilities

The Audit Findings Report 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)).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

	Audit Plan	Audit Findings
<b>Our communication plan</b>		
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Compliance with laws and regulations		✓
Expected auditor's report		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓

# Appendices

# Appendix A: Action plan

## Priority

**Significant deficiency** – risk of significant misstatement

**Deficiency** - risk of inconsequential misstatement

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	As recommended last year the Council should consider building into the financial statements preparation process a more thorough comprehensive quality assurance review to identify errors.	Deficiency	Additional time was included for this purpose in 2013/14 and further resources will be allocated for this purpose in 2014/15 to carry out a more thorough review.	June 2015 Head of Finance

## Appendix B: Audit opinion

We anticipate we will provide the Council with an unmodified audit report

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEVENOAKS DISTRICT COUNCIL

#### Opinion on the Authority financial statements

We have audited the financial statements of Sevenoaks District Council for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

This report is made solely to the members of Sevenoaks District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

#### Respective responsibilities of the Chief Executive and auditor

As explained more fully in the Statement of the Chief Executive's Responsibilities, the Chief Executive is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Executive; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### Opinion on financial statements

In our opinion the financial statements: give a true and fair view of the financial position of Sevenoaks District Council as at 31 March 2014 and of its expenditure and income for the year then ended; and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and applicable law.

#### Opinion on other matters

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### Matters on which we report by exception

We report to you if: in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; we issue a report in the public interest under section 8 of the Audit Commission Act 1998; we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or we exercise any other special powers of the auditor under the Audit Commission Act 1998. We have nothing to report in these respects.

#### Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

##### *Respective responsibilities of the Authority and the auditor*

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

***Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources***

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, as to whether the Authority has proper arrangements for:  
securing financial resilience; and  
challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

***Conclusion***

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, we are satisfied that, in all significant respects, Sevenoaks District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

***Certificate***

We certify that we have completed the audit of the financial statements of Sevenoaks District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

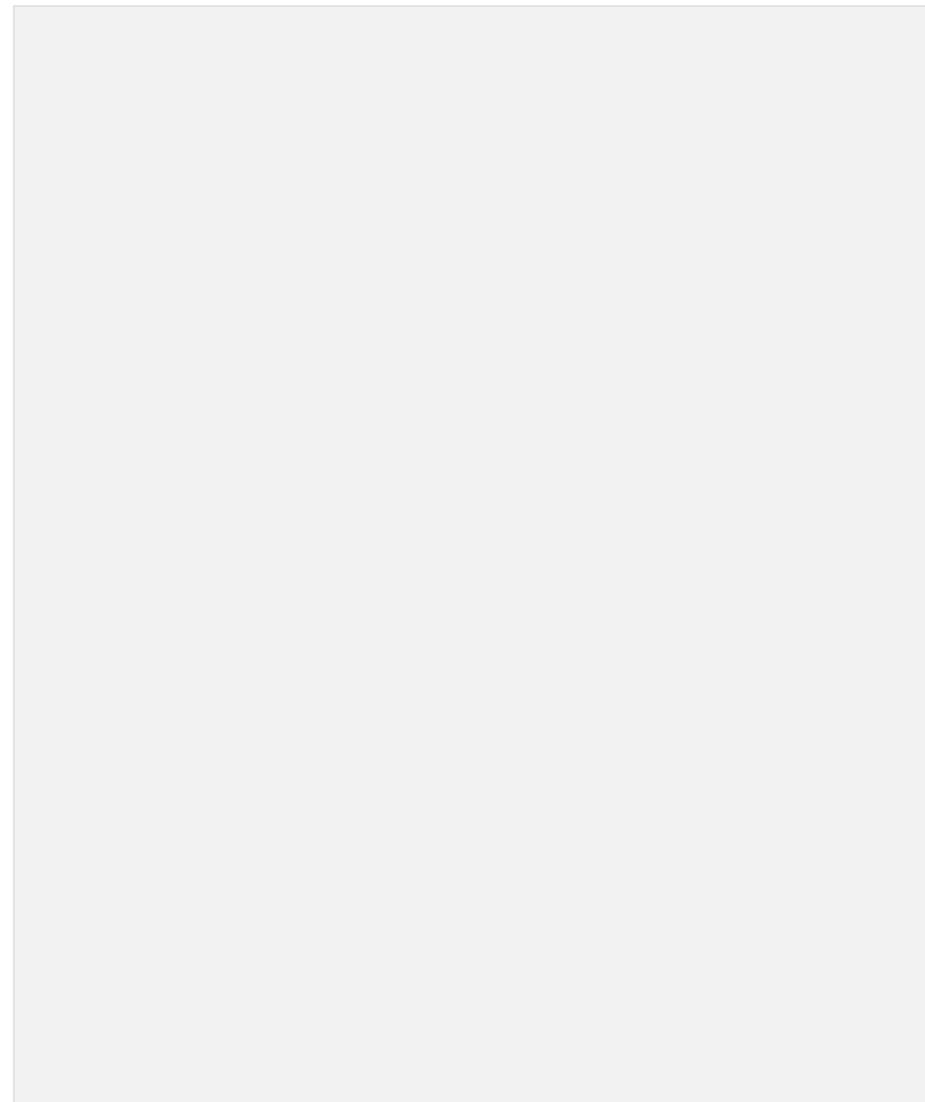
[Signature]

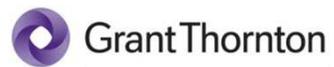
**Andy Mack**

Director,  
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Grant Thornton House  
Melton Street  
Euston Square  
London  
NW1 2EP

[Date]





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