

# The Annual Audit Letter for Sevenoaks District Council

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**Year ended 31 March 2015**

October 2015

**Andy Mack**

Director

T 020 7728 3299

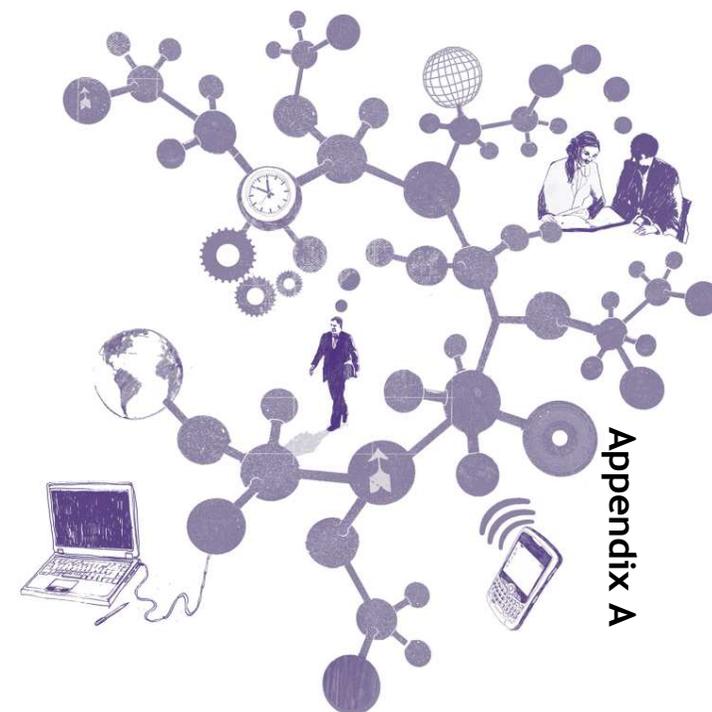
E [andy.l.mack@uk.gt.com](mailto:andy.l.mack@uk.gt.com)

**Geoffrey Banister**

Manager

T 020 7728 3023

E [geoffrey.c.banister@uk.gt.com](mailto:geoffrey.c.banister@uk.gt.com)



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# Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Sevenoaks District Council ('the Council') for the year ended 31 March 2015.

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued in June 2015 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission and Public Sector Audit Appointments Limited.

## **Financial statements audit (including audit opinion)**

We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 8 September 2015 to the Audit Committee. The key messages reported were:

We recognise that officers have worked hard to support us during the audit and to address points raised by our review. The quality of the working papers and documents supporting the balances within the financial statements were of a reasonable standard and we did not identify any adjustments affecting the Council's reported financial position.

Whilst the above is pleasing, the Council was unfortunately unable to provide a complete set of draft financial statements by the agreed date at the start of the audit. In addition, there were a high number of disclosure and presentational errors in the draft statements which the Council has corrected in the revised set of financial statements. Recommendations arising from our work are listed in Appendix A on page 5 and the Council has prepared an action plan to strengthen its closedown arrangements in 2015/16.

We issued an unqualified opinion on the Council's 2014/15 financial statements on 9 September 2015, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the financial statements give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.

## Key messages continued

<b>Value for Money (VfM) conclusion</b>	<p>We issued an unqualified VfM conclusion for 2014/15 on 9 September 2015.</p> <p>The Council continues to have strong arrangements in place and as part of the Council's ambition to become financially self-sustainable it has started to purchase investment assets in 2014/15.</p> <p>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 2015.</p>
<b>Whole of Government Accounts</b>	<p>We have completed our work on the Whole of Government Accounts and have no issues which we wish to highlight for your attention.</p>
<b>Certification of housing benefit grant claim</b>	<p>Our work on the Council's 2014/15 housing benefit grant claim is in progress</p>
<b>Audit fee</b>	<p>Our fee for 2014/15 was £64,000, excluding VAT which was increased from our planned fee for the year due to the extra time taken during the audit. Further detail is included within appendix B.</p>

# Appendix A: Key issues and recommendations

This appendix summarised the significant recommendations identified during the 2014/15 audit.

No.	Recommendation	Priority	Management response/ responsible office/ due date
1.	Ensure all journals are approved electronically by an officer that has not been involved in the preparation process.	High	<p>The risk of mis-appropriation of funds within codes is small due to the following processes already in place.</p> <ol style="list-style-type: none"> <li>Journals requested by non-Finance staff are agreed by Finance.</li> <li>End of year accruals are authorised by the relevant Chief Officer before being agreed by Finance.</li> <li>The budget monitoring reports require comments for any variances over £10,000 and are analysed on a line-by-line basis by the Finance Team.</li> </ol> <p>Random checks will now be carried out to reduce the opportunity to mis-appropriate funds within codes. This will involve the Chief Finance Officer and Head of Finance completing monthly checks. This will ensure that journals completed by each member of the Finance Team are checked on a regular basis.</p> <p>Responsible office: Head of Finance Due date: 15/09/2015</p>
2.	Improve the timeliness of the financial statements preparation process. 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	High	<p>It is intended to bring the 2015/16 annual accounts process forward by a further week as we move towards the earlier deadline.</p> <p>Responsible office: Head of Finance Due date: 31/01/2016</p>
3.	As recommended for the last two years the Council should build into the financial statements preparation process a more thorough comprehensive quality assurance review to identify errors.	High	<p>A review of the resources and skills required will be carried out to identify the current gaps to reduce the chances of issues arising in future years. Changes will be in place for the 2015/16 annual accounts.</p> <p>Responsible office: Head of Finance Due date: 31/12/2015</p>
4.	Improve the accuracy, completeness and disclosures of the notes to the financial statements.	High	As 3 above.

# Appendix B: Reports issued and fees

We confirm below the fees charged for the audit and non-audit services.

## Fees

	Per Audit plan £	Actual fees £
Council audit	57,541	64,000
Grant certification on behalf of Public Sector Audit Appointments Limited (estimated)	16,460	Work in progress
<b>Total audit fees</b>	<b>£74,001</b>	

The extra fee reflects delays in the preparation of the draft financial statements as well as the number of errors in the draft financial statements which resulted in considerable additional audit time and resources. The final fee is subject to approval by Public Sector Audit Appointments Ltd.

## Reports issued

Report	Date issued 2015
Audit Plan	June
Audit Findings Report	September
Certification Report	To follow
Annual Audit Letter	October

## Fees for other services

Service	Fees £
<b>Audit related services</b>	Nil
<b>Non-audit related services</b>	Nil



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