

Audit Committee Update for Tonbridge and Malling BC

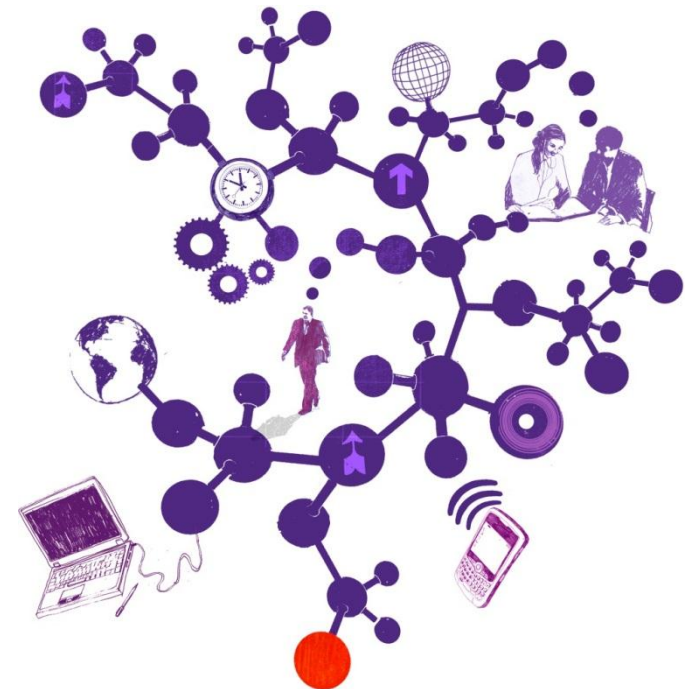
Year end 31 March 2013

8 April 2013

Darren Wells
Engagement Lead
T 01293 554120
E darren.j.wells@uk.gt.com

Trevor Greenlee
Manager
T 01293 554071
E trevor.greenlee@uk.gt.com

Graham Short
Executive
T 01293 554130
E graham.short@uk.gt.com



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Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes a summary of emerging national issues and developments.

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector at www.grant-thornton.co.uk/en/Services/Public-Sector/. Copies of our publications can also be downloaded from the website.

If you would like further information on any of the items in this briefing, please contact either your Engagement Lead or Engagement Manager:

Darren Wells	Engagement Lead	T 01293 554120	M 07880 456152	darren.j.wells@uk.gt.com
Trevor Greenlee	Engagement Manager	T 01293 554071	M 07880 456148	trevor.greenlee@uk.gt.com

Progress at April 2013

Work	Planned date
<p>Interim accounts audit</p> <p>Our interim audit work is currently in progress. Our work will include:</p> <ul style="list-style-type: none"> • updating our understanding of the Council's control environment and financial systems • review of relevant Internal Audit work • liaison with officers on emerging accounting issues • early substantive testing. <p>The outcomes from our work will be reported in our detailed accounts audit plan.</p>	<p>April 2013</p>
<p>2012-13 Accounts Audit Plan</p> <p>We are required to issue a detailed accounts audit plan setting out our proposed approach to the audit of the Council's 2012-13 financial statements.</p>	<p>June 2013</p>
<p>2012-13 final accounts audit</p> <p>Our audit of the 2012-13 financial statements will commence in June 2013. We will give our opinion by 30 September 2013.</p>	<p>Opinion to be given by 30 September 2013</p>
<p>Value for Money (VfM) conclusion</p> <p>We are required to conclude whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. In 2012/13 we will assess your arrangements using two criteria specified by the Audit Commission, which remain unchanged from 2011/12. We will assess if the Council has proper arrangements for:</p> <ul style="list-style-type: none"> • securing financial resilience • challenging how it secures economy, efficiency and effectiveness. <p>Work to support our VFM conclusion is currently in progress. We will also need to consider the year end outcomes reported in the Council's accounts.</p>	<p>Value for Money conclusion to be given by 30 September 2013</p>

Emerging issues and developments

Grant Thornton

Local Government Governance review

In February Grant Thornton published its "Local Government Governance Review 2013". This is the second publication in an annual review of governance reporting by local authorities.

The report is based on:

- survey responses from over 60 council senior officers and members on governance reporting and the supporting processes
- a desk top review of 2011/12 Annual Governance Statements and explanatory forewords for 153 councils, against best practice checklists developed by Grant Thornton based on the CIPFA/SOLACE framework and guidance notes.

Good governance is essential to both council leaders and the public. It supports leaders in making the best decisions, reduces the likelihood of things going wrong and protects them when problems do occur. It inspires confidence in the public that the best decisions are being taken for the right reasons, that the quality of service is protected and that public money is being wisely spent.

The key findings from the report are:

- one third of survey respondents do not consider that council accounts are aimed at the public and that the length and technical complexity makes them difficult to understand
- many council Annual Governance Statements follow too rigidly the example text in the CIPFA/SOLACE guidance, rather than reflecting the key issues for their own organisation
- explanatory forewords are often hard to read and not aligned to councils' strategic goals
- there is often a lack of understanding about what the governance framework is for and how it fits together
- although arrangements with external organisations are becoming increasingly important in service delivery, 21% of survey respondents are not clear about council roles and responsibilities when working in partnerships.

If you have any queries on governance reporting, or would like to know how the Council compares with others, please contact your local engagement manager.

Emerging issues and developments

Local government guidance

Financial sustainability of local authorities

In January the National Audit Office published "Financial sustainability of local authorities". The report examines central government's approach to local authority funding, and reviews local authorities' financial sustainability against a background of changes to their funding.

The report has three parts:

- Funding local authority services - setting out the background to the current funding arrangements and the reduction in local authority funding from the government's 2010 spending review
- Local authority budget management - setting out how local authorities have responded to their reduced income
- Maintaining financial sustainability - covering the growing challenges to local authorities' financial sustainability, managing financial risks and opportunities, and the increasing need for central government to make informed decisions as financial and service pressures increase.

The key findings are:

- so far local authorities have absorbed reductions in central government funding but there is some evidence that services have been reduced
- local authorities may find it harder over the rest of the spending review period to absorb funding reductions and maintain services
- local authorities' ability to make savings while maintaining service levels depends on local circumstances
- by reducing ring-fencing of its grants, central government aims to give local authorities greater spending flexibility
- the government is making changes that create financial opportunities for local authorities but also increase their financial risks and the level of uncertainty in financial planning. Examples include the partial localisation of business rates and the arrangements for council tax benefit
- the accountability framework for local government to address widespread financial failure is untested.



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