



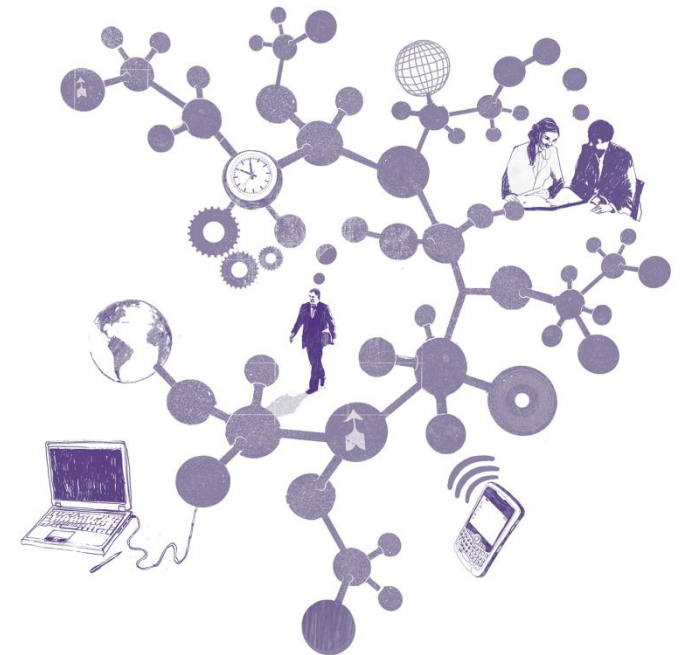
The Annual Audit Letter for Tonbridge & Malling Borough Council

Year ended 31 March 2013

October 2013

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Contents

Section	Page
1. Executive summary	3
2. Audit of the accounts	6
3. Value for Money	8
4. Certification of grant claims and returns	11

Appendices

A Reports issued and fees

Section 1: Executive summary

- 01. Executive summary
- 02. Audit of the accounts
- 03. Value for Money
- 04. Certification of grant claims and returns

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 Tonbridge & Malling Borough 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 2 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).

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 undertaken in accordance with the Audit Plan that we issued in June 2013 and 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 which we have provided in relation to 2012/13 are as follows:

- an unqualified opinion on the accounts which give a true and fair view of the Council's financial position as at 31 March 2013 and its income and expenditure for the year
- an unqualified conclusion in respect of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

We also

- completed a "short form" assurance statement on the council's Whole of Government Accounts submission, confirming the relevant entries were consistent with the audited statutory accounts
- certified the Council's NNDR3 return which was signed off without amendment or qualification. Our work on the housing benefit and council tax benefit subsidy claim, which has a deadline of 30 November, is still in progress.

Key areas for Council 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 produced to a high standard and supported by comprehensive working paper trails. Only a small number of audit amendments were required.

The Council continues to have a strong focus on effective financial management, including a robust medium term planning framework.. Although the Council faces significant financial pressures in future years it has an effective framework of arrangements to address these pressures.

Acknowledgements

This Letter has been agreed with the Director of Finance and Transformation and will be presented to the Audit Committee in January 2014.

We would like 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

Section 2: Audit of the accounts

- 01. Executive summary
- 02. Audit of the accounts**
- 03. Value for Money
- 04. Certification of grant claims and returns

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 on 17 June 2013. Comprehensive working papers were made available from the start of the audit fieldwork..

As in previous years the Council's accounts were prepared to a high standard. We identified no adjustments requiring amendment of the primary financial statements, although a small number of changes were required to disclosure notes. All of the amendments we requested were agreed by management.

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' (for the Council defined as the General Purposes Committee). We presented our report to the General Purposes Committee on 2 September and summarise only the key messages in this Letter.

We issued an unqualified opinion on the Council's 2012/13 accounts on 30 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 Council's financial position and of the income and expenditure recorded for the year.

Section 3: Value for Money

01. Executive summary

02. Audit of the accounts

03. Value for Money

04. Certification of grant claims and returns

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.

We concluded that the Council has effective arrangements in each of these areas. Financial governance responsibilities are clearly defined and there are well-established processes for monitoring budgets with appropriate oversight by members. There is a robust medium term financial planning framework covering the next 10 years. The Council's modelling indicates that the funding gap over this period has increased slightly in 2012/13 compared to the previous year, to £2.8m. However, the Council continues to have a robust framework for addressing this funding gap and delivering its medium term financial strategy. The Council underspent on its original revenue budget for 2012/13 by £201,000. It continues to have an effective framework of internal control and risk management.

Further details are provided in our Financial Resilience report issued in September 2013.

Challenging economy, efficiency and effectiveness

We considered if the Council has prioritised its resources within tighter budgets following national reductions in central government funding.

We concluded that the Council reviews and challenge its priorities and the cost-effectiveness of its activities. The Council has a strong record of achieving efficiency savings and in 2012/13 delivered its planned savings target of

Value for Money

£635,000. Decision-making is based on appropriate information and there is a history of using benchmarking to help understand the Council's cost base.

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.

Section 4: Certification of grant claims and returns

01. Executive summary

02. Audit of the accounts

03. Value for Money

04. Certification of grant claims and returns

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.

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 claim or return.

Key messages

For the financial year 2012/13 we will be required to certify two of the Council's claims and returns.

The NNDR3 return records the Council's contribution to the national NNDR pool. For 2012/13 the Council's contribution was £52,203,818. We certified the return without qualification or amendment ahead of the deadline stipulated by the Department for Communities and Local Government.

Our work on the housing benefit and council tax benefit subsidy claim, which has a certification deadline of 30 November, is still in progress. The total subsidy claimed by the Council for 2012/13 is £41,132,952.

Appendices

Appendix A: Reports issued and fees

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

Fees

	Per Audit plan £	Actual fees £
Audit Fee	60,135	60,135
Grant certification fee	22,000	TBC
Total fees	82,135	TBC

Our grant claim work is still in progress. We will confirm the actual fee when our work on the 2012/13 housing benefit and council tax benefit subsidy claim has been completed. Where a fee variation is requested the fee for the audit is not final until the Audit Commission has determined the fee.

Reports issued

Report	Date issued
Audit Plan	June 2013
Audit Findings Report	August 2013
Financial Resilience Report	August 2013
Annual Audit Letter	October 2013
Certification report	January 2014 (planned)

Fees for other services

Service	Fees £
Tonbridge Town Centre Redevelopment scheme: Comment on proposals	3,800



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