

Your ref: PMH/BS/5664  
 Our ref:

The Committee  
 Cobtree Manor Estate  
 Maidstone Borough Council  
 Maidstone Gateway,  
 King Street,  
 Maidstone, Kent ME15 6JQ

14<sup>th</sup> October 2010

Dear Sirs

The purpose of this letter is to report to you the principal findings of our audit work for the year ended 31 March 2010. This management letter is not meant to be an exhaustive list of improvements which are possible, it simply points out matters which actually came to our attention during the course of our audit work. Our audit tests, which are designed to assist us in forming our opinion on the financial statements, may not necessarily disclose all errors or irregularities and should not be relied upon to do so. However, if any irregularity did come to our attention during our audit tests, we would, of course, inform you immediately.

We would like to draw your attention to the following points:

Observations	Comments
<p>1. We understand that the cost of rectifying subsidence at Garden Cottage is expected to be in the region of £73,180 and that this is not provided for in your insurance cover.</p> <p>Given the high level of expenditure involved in resolving this problem, we recommend that you review the insurance provisions for the Charity's properties to see whether a cost effective cover for subsidence can be obtained when it comes to the other properties on the fixed asset register.</p>	
<p>2. It is projected that the Charity will be debt free by 31 March 2011. Previously, each year, the net surplus achieved by the Charity was used to automatically pay off the loan from Maidstone Borough Council.</p> <p>We therefore recommend that procedures are put in place when it comes to deciding</p>	

<p>how to record and deposit future Charity surpluses/deficits and whether any Deposits Held by the Council on behalf of the Charity will accrue interest and how that interest is calculated.</p>	
<p>3. We understand that the management contract between Mytime Active and the Charity/Council has yet to be signed. Whilst we understand that this is being dealt with by your legal section as a matter of urgency, it is best practice to ensure that a signed contract is in place in order to safeguard the assets of the Charity and ensure that all parties are aware of their respective responsibilities and obligations.</p>	
<p>4. During our audit tests, errors were noted in the preparation of the statistical information produced by MyTime Active, the management team at the Golf Club. In particular, inconsistencies were noted within the number of rounds played and registration numbers.</p> <p>We recommend that procedures are agreed to confirm the number of rounds played and registrations, as noted in the Partnership Board meetings. This information should be agreed to the golf professional reports prepared by Mytime Active.</p> <p>Whilst this statistical information does not have a direct bearing on the income of the Charity, it is still the responsibility of the trustee to monitor the performance of the management team at the golf club.</p>	
<p>5. When it comes to monitoring income targets set for MyTime Active (which potentially result in a profit share with the Charity and Council) we recommend that golf club income generated by MyTime</p>	

<p>Active is agreed back to signed accounts produced by the management team's accountants.</p>	
<p>6. We understand that you are currently corresponding with the Charity Commission in relation to the operation of the Charity and the potential conflict of interest concerning the role of the Council as corporate trustee and as a holder of a 2/9ths interest in the golf club land. We kindly request that you keep us informed of any discussions and correspondence with the Charity Commission relating to this matter.</p>	

We would welcome your comments to these recommendations in due course. One of our members of staff would be happy to assist in implementing any of these changes.

Yours faithfully,



**King & Taylor**