

Your ref: PMH/BS/5664
 Our ref:

 The Committee
 Cobtree Manor Estate
 Maidstone Borough Council
 Maidstone Gateway,
 King Street,
 Maidstone, Kent ME15 6JQ
19th October 2011

Dear Sirs

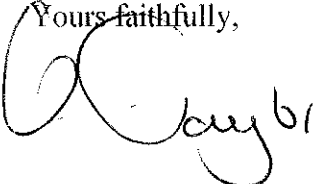
The purpose of this letter is to report to you the principal findings of our audit work for the year ended 31 March 2011. This management letter is not meant to be an exhaustive list of improvements which are possible, it simply points out matters which actually came to our attention during the course 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. As stated previously, it is expected that the Charity will be debt free in future years. Previously, each year, the net surplus achieved by the Charity was used to automatically pay off the loan from Maidstone Borough Council. This loan has now been fully repaid.</p> <p>We therefore recommend that formal procedures are put in place when it comes to deciding 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>2. During our audit testing we noted that no formal procedures are in place when it comes to monitoring the performance of the contractor MyTime Active, although a member of the Leisure department does regularly visit the golf course as part of</p>	

<p>your monitoring procedures.</p> <p>We recommend formal procedures are documented in order to ensure that the contract specifications are being adhered to.</p>	
<p>3. As stated previously, when it comes to monitoring income targets set for MyTime Active, we recommend that golf club income generated by MyTime Active is agreed back to signed audited Financial Statements produced by the contractor's accountants. Preferably, a certified annual document should also be produced by their accountants confirming the gross income achieved for the year. This will enable the Charity to monitor if the contractor has met the gross income profit sharing target of £1,101,291.</p>	
<p>4. We understand that the Cobtree Officer Brian Latimer has now left his post and that you plan on filling this position by the appointment of a Maidstone Council employee.</p> <p>We recommend that formal procedures are put in place to help the employee draw a distinction between their role as a Council employee and their role within the Charity.</p>	
<p>5. As stated previously, we understand that you have been 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