

# AMENDED AGENDA

## AUDIT COMMITTEE MEETING



Date: Monday 16 September 2013  
Time: 6.30 p.m.  
Venue: Town Hall, High Street,  
Maidstone

Membership:

Councillors Black, Butler, Daley, Nelson-Gracie  
(Chairman) and Warner

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1. Apologies for Absence
2. Notification of Substitute Members
3. Notification of Visiting Members
4. Disclosures by Members and Officers
5. Disclosures of Lobbying
6. To consider whether any items should be taken in private because of the possible disclosure of exempt information
7. Minutes of the meeting held on 12 August 2013

**Continued Over/:**

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**Issued on 16 September 2013**

The reports included in Part I of this agenda can be made available in **alternative formats**. For further information about this service, or to arrange for special facilities to be provided at the meeting, **please contact DEBBIE SNOOK on 01622 602030**. To find out more about the work of the Committee, please visit [www.maidstone.gov.uk](http://www.maidstone.gov.uk)

*Alison Broom*

**Alison Broom, Chief Executive, Maidstone Borough Council,  
Maidstone House, King Street, Maidstone, Kent ME15 6JQ**

8. Report of the Head of Audit Partnership - Internal Audit Charter
9. Report of the Head of Finance and Resources - External Auditor's Audit Findings Report 2012/13
10. Audit Committee Work Programme 2013/14
11. **Report of the Head of Finance and Resources - Grant Thornton Letter of Representation** **211 - 215**

## MAIDSTONE BOROUGH COUNCIL

### AUDIT COMMITTEE

MONDAY 16<sup>TH</sup> SEPTEMBER 2013

### REPORT OF HEAD OF FINANCE & RESOURCES

**Report prepared by Paul Holland, Senior Accountant**

#### **1. URGENT ITEM – GRANT THORNTON LETTER OF REPRESENTATION**

##### 1.1. Reason for Urgency

1.1.1. This item was not received until after the agenda deadline date, but needs to be considered by the Committee as it forms part of the formal approval of the Statement of Accounts for 2012/13.

1.1.2. The recommendation forms part of that included within the External Auditor's Audit Findings Report 2012/13 on the main agenda.

##### 1.2. Recommendation of the Head of Finance & Resources

1.2.1. That Members approve the Letter of Representation as set out at **Appendix D.**

##### 1.3. Reasons for Recommendation

1.3.1. The Letter of Representation as attached at Appendix D was previously included within the External Auditor's Annual Governance Report. However this document has been replaced by the External Audit Findings Report, and this is now considered as a separate document.

1.3.2. The Letter is from the Council to the External Auditors, and is signed by the Director of Regeneration & Communities. The Letter is provided for the purpose of expressing an opinion as to whether the Statement of Accounts give a true and fair view in accordance with International Financial Reporting.

1.3.3. Amongst the issues it covers the Letter asks the Council to confirm that the information provided to the External Auditors was in accordance with statutory requirements and that we were satisfied with the validity of information used in the accounts such as pension figures and asset valuations.

1.3.4. It also asks the Council to confirm that we are satisfied with the systems of internal control to detect and prevent fraud, and with any financial judgements used in preparing the Statement of Accounts.

Grant Thornton UK LLP  
Fleming Way  
Manor Royal  
Crawley RH10 9GT

16<sup>th</sup> September 2013

Dear Sirs

**Maidstone Borough Council**

**Financial Statements for the year ended 31 March 2013**

This representation letter is provided in connection with the audit of the financial statements of Maidstone Borough Council for the year ended 31 March 2013 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with International Financial Reporting.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

**Financial Statements**

- i We have fulfilled our responsibilities for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code") as adapted for International Financial Reporting Standards; in particular the financial statements give a true and fair view in accordance therewith.
- ii We have complied with the requirements of all statutory directions and these matters have been appropriately reflected and disclosed in the financial statements.
- iii We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- iv Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- v We are satisfied that the material judgements used by us in the preparation of the financial statements are soundly based, in accordance with the Code, and adequately disclosed in the financial statements. There are no further material judgements that need to be disclosed.

- vi We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities for IAS19 disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant retirement benefits have been identified and properly accounted for (including any arrangements that are statutory, contractual or implicit in the employer's actions, that arise in the UK or overseas, that are funded or unfunded).
- vii Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the code.
- viii All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the code requires adjustment or disclosure have been adjusted or disclosed.
- ix The financial statements are free of material misstatements, including omissions.
- x We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xi We believe that the Council's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.
- xii We confirm that we are satisfied that there has been no undisclosed impairment to the Council's property, plant and equipment.

### **Information Provided**

- xiii We have provided you with:
  - a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - b. additional information that you have requested from us for the purpose of your audit; and
  - c. unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence.
- xiv We have communicated to you all deficiencies in internal control of which management is aware.
- xv All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xvi We have disclosed to you the results of our assessment of the risk that the financial

statements may be materially misstated as a result of fraud.

xvii We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:

- a. management;
- b. employees who have significant roles in internal control; or
- c. others where the fraud could have a material effect on the financial statements.

xviii We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, regulators or others.

xix We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xx We have disclosed to you the entity of the Council's related parties and all the related party relationships and transactions of which we are aware.

#### **Annual Governance Statement**

xxi We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS

#### **Approval**

The approval of this letter of representation was minuted by the Council's Audit Committee at its meeting on 16<sup>th</sup> September 2013.

#### **Signed on behalf of the Council**

Name: 

Position: Director of Regeneration & Communities

Date: 16<sup>th</sup> September 2013