

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE COBTREE MANOR ESTATE CHARITY COMMITTEE

Decision Made: 25 January 2023

Cobtree Manor Estate Annual Accounts 2021/22

Issue for Decision

To approve the Accounts 2021/22 and the Letter of Representation and to note the contents of the Audit Findings Report.

Decision Made

1. That the Report and Financial Statements for 2021/22 be approved and submitted to the Charity Commission.
2. That the Letter of Representation be approved.
3. That the contents of the Audit Findings Report be noted.

Reasons for Decision

INTRODUCTION AND BACKGROUND

The audit of the Report and Financial Statements is now substantially complete. The audit was undertaken by UHY Hacker Young, appointed external auditors to the Charity. Issues arising from the audit are set out below.

ACCOUNTS 2021/2022

The Annual Report and Financial Statements are shown at Appendix 1 to the report of the Senior Finance Manager (Client). This includes the independent auditor's report, which includes their opinion on the Statements.

A number of amendments were made to the draft accounts that were submitted for audit, and there is also one unadjusted misstatement. These are shown as part of the Audit Findings Report. None of these have had any impact upon the financial resources available to the Charity.

There are a number of points that should be noted within the Financial Statements:

- The total funds of the Charity as shown on the Balance Sheet have increased slightly from £4.44m to £4.58m, with the Statement of Financial Activities (SOFA) showing a net funds increase of £142,490 for the year.
- On the Balance Sheet the main movements are in the debtors and creditors balances. There was a higher level of debtors at the end of the year which mainly reflected sums due from the Council for income due to the Estate and from the contractors at the Golf Course and Kent Life. These outstanding

sums have all now been received. The movement in the creditors balance mainly reflects sums due to the Council for expenditure on the Estate and the continuing repayment of the car park construction costs to the Council.

- On the SOFA there was an increase of £30,576 in income received, and a slight reduction in expenditure of £15,179. Further details of income are shown at note 4 to the accounts and reflect the return to more normal levels of business following the Covid pandemic. Further details of expenditure are shown at note 8 to the accounts. Following the change in management arrangements there are no longer any salaries charged to the accounts, this has been replaced by the arrangement with the Council, which is the parks and open spaces figure of £121,372.

The Letter of Representation for 2021/22 (Appendix 2 to the report) asks the Committee to confirm a number of statements relating to the audit and the information supplied to the auditors during the course of their audit.

The Audit Findings Report (Appendix 3 to the report) sets out the accounting adjustments that were agreed with the auditors after the draft accounts were submitted to them.

AUDIT FINDINGS REPORT

The purpose of the Audit Findings Report is to bring to the attention of the Committee various matters that have arisen from the external audit.

The audit is substantially complete, and it is anticipated that an unmodified audit report will be issued.

The report also covers significant audit risks and other areas of focus and sets out some details regarding accounting practices and financial reporting issues.

The report summarises the accounting adjustments that were agreed following the audit of the accounts.

There are two recommendations regarding processes and internal controls, one of which has been classified as urgent. There were some difficulties encountered in putting together the accounts for 2021/22 which have taken some time to resolve.

The comments of the auditors and their recommendations are fully accepted, and Officers are considering the best way to streamline the way the accounts are put together, as well as considering if there are any other options going forward that would make the process less complicated.

As referenced earlier none of the issues identified have any impact upon the financial resources available to the Estate going forward and were of a technical accounting nature. It is however clearly important that these issues are not repeated in future years.

The final section of the Audit Findings Report covers developments in the charity accounting sector.

Alternatives Considered and Why Rejected

There are no other available options.

There is a legal requirement to produce and approve the Report and Financial Statements in order that they can be submitted to the Charity Commission by 31 January 2023.

Approval of the Letter of Representation is a requirement of the external audit process.

The Audit Findings Report is written for the benefit of those charged with governance to bring to their attention matters of interest that have arisen during the external audit process, therefore it needs to be considered by the Committee.

Background Papers

None

I have read and approved the above decision for the reasons (including possible alternative options rejected) as set out above.



Signed: _____
Leader of the Council – Councillor David Burton

Full details of the report for the decision can be found at the following area of the [website](#).

Call-In: Should you be concerned about this decision and wish to call it in, please submit a call-in form signed by any three Members to the Proper Officer by: **5pm 3 February 2023**