

MAIDSTONE BOROUGH COUNCIL

AUDIT COMMITTEE

25 NOVEMBER 2013

REPORT OF HEAD OF FINANCE & RESOURCES

Report prepared by Paul Holland
Senior Accountant (Client)

1. EXTERNAL AUDITOR'S ANNUAL AUDIT LETTER 2012/13

1.1 Issue for Decision

1.1.1 To consider the External Auditor's Annual Audit Letter covering the year 2012/13. The letter provides a summary of the findings and the conclusions which have arisen during the External Auditor's audit and inspection programme. For 2012/13 the appointed external auditor was Grant Thornton.

1.1.2 Recommendation of Head of Finance & Resources

1.2 It is recommended that Audit Committee note and comment on the External Auditor's Annual Audit Letter to Maidstone Borough Council and make any recommendations to Cabinet.

1.3 Reasons for Recommendation

1.3.1 The annual audit letter, attached as Appendix A, provides a summary of the results of the External Auditor's inspection activity at the Council during 2012/13.

1.4 Issues Raised Within the Assessment

1.4.1 The External Auditor issued an unqualified opinion on the 2012/13 Statement of Accounts, and concluded that proper arrangements were in place to secure economy, efficiency and effectiveness in the use of resources.

1.4.2 The letter also reports that the Council has robust savings plans in place to offset continuing financial pressures, and that the arrangements for financial resilience are sound. It also stresses that the Council needs to continue to ensure that there are robust governance arrangements in place for partnership working, and

that it needs to carefully consider the potential risks and opportunities for its commercialisation plans.

1.4.3 The letter does raise an issue over elements of the accounts that were not initially supported by working papers. This issue is considered in more detail as part of a separate report on this agenda on the External Auditor's Letter to the Chairman of the Committee.

1.4.4 It should be noted by the Committee that the additional work undertaken by the External Auditor as a result of the initial lack of working papers did result in an additional audit fee of £3,519. There is sufficient budgetary provision to meet this additional fee

1.5 Alternative Action and why not Recommended

1.5.1 The Committee, and the Council, could choose not to acknowledge the comments made by the External Auditor, but this is an independent view of how the authority is operating. It offers stakeholders an opportunity to gain a view of how the Council is performing in a range of areas including value for money.

1.6 Impact on Corporate Objectives

1.6.1 The Council is committed to delivering on its priorities and securing value for money. This letter is one measure of how successful that commitment is.

1.7 Risk Management

1.7.1 Risk Management forms a key part of the corporate governance arrangements that are assessed as part of the annual audit and are commented on in this letter.

1.8 Other Implications

1.8.1

1. Financial
2. Staffing
3. Legal
4. Equality Impact Needs Assessment
5. Environmental/Sustainable Development
6. Community Safety

X

- 7. Human Rights Act
- 8. Procurement
- 9. Asset Management

1.8.2 The financial implications are dealt with within the Appendices.

1.9 Relevant Documents

1.9.1 Appendix A – External Auditor’s Annual Audit Letter 2012/13

1.9.2 Background Documents

None.

IS THIS A KEY DECISION REPORT?

Yes

No

If yes, when did it first appear in the Forward Plan?

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This is a Key Decision because:

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Wards/Parishes affected:

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