



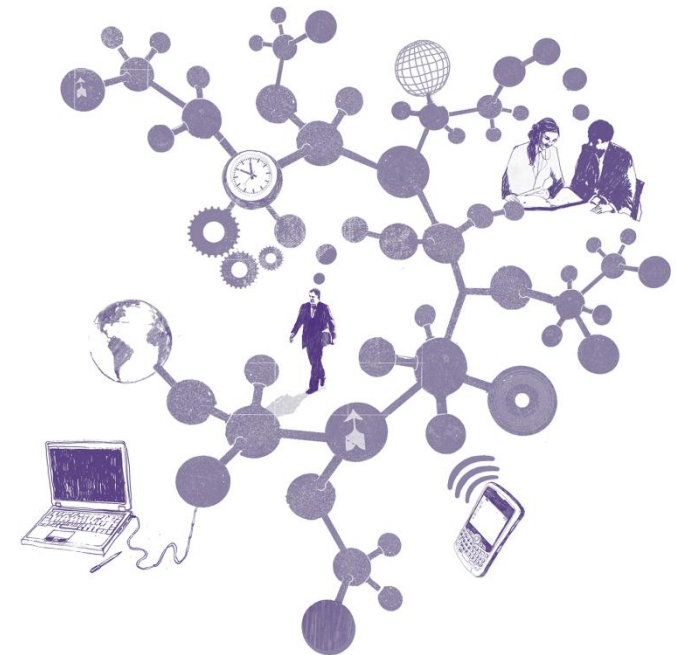
The Annual Audit Letter for Tunbridge Wells Borough Council

Year ended 31 March 2013

25 October 2013

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Section 1: Executive summary

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Executive summary

Purpose of this Letter

Our Annual Audit Letter ('Letter') summarises the key findings arising from the following work that we have carried out at Tunbridge Wells Borough Council ('the Council') for the year ended 31 March 2013:

- auditing the 2012/13 accounts and Whole of Government Accounts submission (Section two)
- assessing the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (Section three)
- certification of grant claims and returns (Section four).

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. We reported the detailed findings from our audit work to those charged with governance in the Audit Findings Report on 24 September 2013.

Responsibilities of the external auditors and the Council

This Letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

The Council is responsible for preparing and publishing its accounts, accompanied by an Annual Governance Statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (Value for Money).

Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan we issued on 11 June 2013 and was conducted in accordance with the Audit Commission's Code of Audit Practice ('the Code'), International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

Audit conclusions

The audit conclusions which we have provided in relation to 2012/13 are as follows:

- an unqualified opinion on the accounts which give a true and fair view of the Council's financial position as at 31 March 2013 and its income and expenditure for the year
- an unqualified conclusion in respect of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

We also:

- completed a "short form" assurance statement on the council's Whole of Government Accounts submission, confirming the relevant entries were consistent with the audited statutory accounts
- certified the Council's NNDR3 return which was signed off without amendment or qualification. Our work on the housing benefit and council tax benefit subsidy claim, which has a deadline of 30 November, is still in progress.

Executive Summary

Key areas for Council attention

We summarise here the key messages arising from our audit for the Council to consider as well as highlighting key issues facing the Council in the future.

We reported the detailed findings from our audit of the Council's financial statements and value for money conclusion in our Audit Findings Report and our Report on Financial Resilience, both of which were discussed at the Council's Audit and Governance Committee on 24th September. Those reports are available on the Council's web site. The key findings reported were that:

- The financial statements were prepared to a high standard.
- We identified no changes to the Council's reported financial performance.
- We issued an unqualified audit opinion on the statement of accounts.
- We issued an unqualified Value for Money Conclusion.

Acknowledgements

This Letter has been agreed with the Head of Finance and Governance and will be presented to the Audit and Governance Committee on 9 December 2013.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Grant Thornton UK LLP
October 2013

Section 2: Audit of the accounts

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Audit of the accounts

Audit of the accounts

The key findings of our audit of the accounts are summarised below:

Preparation of the accounts

The Council presented us with draft accounts at the start of our audit and in accordance with the national deadline of 30th June. Appropriate working papers were made available from the start of the audit fieldwork.

Issues arising from the audit of the accounts

There were no significant amendments made to the draft financial statements, which were prepared to a high standard.

Annual governance statement

The annual governance statement was prepared in accordance with proper practices and there were no matters arising from our audit.

Conclusion

Prior to giving our opinion on the accounts, we are required to report significant matters arising from the audit to 'those charged with governance' (defined as the Audit and Governance Committee at the Council). We presented our report to the Audit and Governance Committee on 24 September 2013 and summarise only the key messages in this Letter.

We issued an unqualified opinion on the Council's 2012/13 accounts on 26 September 2013, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the accounts give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.

Section 3: Value for Money

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Value for Money

Scope of work

The Code describes the Council's responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in its use of resources
- ensure proper stewardship and governance
- review regularly the adequacy and effectiveness of these arrangements.

We are required to give a VFM conclusion based on the following two criteria specified by the Audit Commission which support our reporting responsibilities under the Code.

The Council has proper arrangements in place for securing financial resilience.

The Council has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.

The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

The Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

Key findings

Securing financial resilience

We have undertaken a review which considered the Council's arrangements against the three expected characteristics of proper arrangements as defined by the Audit Commission:

- financial governance
- financial planning
- financial control.

Our overall conclusion, is that Tunbridge Wells Borough Council has proper arrangements in place that generally meet or exceed adequate standards. It has a deep understanding of the financial challenges faced, which forms the foundation for robust planning to manage the challenges. Financial governance arrangements are effective and financial control arrangements are strong. However some elements of process, such as risk management reporting are beginning to show signs that they are becoming stretched.

Further details are provided in our Financial Resilience report, presented to the Audit and Governance Committee on 24th September 2013.

Challenging economy, efficiency and effectiveness

We reviewed key indicators of financial performance and are satisfied that the Council is well placed to meet the current financial challenges it faces. Further details are provided in our Financial Resilience report.

Overall VFM conclusion

On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013.

Section 4: Certification of grant claims and returns

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Certification of grant claims and returns

Introduction

We are required to certify certain of the claims and returns submitted by the Council. This certification typically takes place some six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

We have certified one grant return to date, for the financial year 2012/13 relating to expenditure of £51.6 million and anticipate certifying a further claim before the due date of 29th November.

Approach and context to certification

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency and issues auditors with a Certification Instruction (CI) for each specific claim or return.

Key messages

Further details will be provided in our certification report following certification of all claims, by February 2013.

Appendices

Appendix A: Reports issued and fees

We confirm below the fee charged for the audit and confirm there were no fees for the provision of non audit services.

Fees

	Per Audit plan £	Actual fees £
Audit Fee	67,406	67,406
Grant certification fee	14,050	14,050
Total fees	81,456	81,456

Fees for other services

Service	Fees £
None	Nil

Reports issued

Report	Date issued
Audit Plan	11/6/2013
Audit Findings Report	24 /9/2013
VfM – Financial Resilience Report	24/9/2013
Annual Audit Letter	25/10/2013
Certification report	Not yet due



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