

**Our reference** TH004/sas610

26 October 2005

To Members charged with Governance  
Thanet District Council  
Council Offices  
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Dear Member

### **Audit for the year ended 31 March 2005**

As part of our closing procedures we are required under the Audit Practices Board Statement of Audit Standards (SAS) 610 to communicate to those charged with governance certain matters arising from the audit of the Council's 2004/05 statement of accounts, before we can give an opinion on those accounts.

The matters to be communicated include:

- expected modifications to the auditor's report;
- unadjusted misstatements;
- material weaknesses in the accounting and internal control systems identified during the audit;
- views about the qualitative aspects of the Council's accounting practices and financial reporting;
- matters specifically required by other Auditing Standards; and
- any other relevant matter relating to the audit.

I am pleased to report that there are no significant matters falling in the categories above that I need to report to members and I plan to issue my audit opinion by 31<sup>st</sup> October 2005

There is however, one area of uncertainty which I thought it appropriate to bring to your attention. This relates to two entries in the consolidated revenue account (CRA) in respect of pension costs. Discussions are in hand between auditors and the actuary about the calculation of the interest cost and the actuarial gain/loss, both of which may be mis-stated. Should any adjustments be required they would be compensating, with no overall affect on the CRA balance. I am satisfied that this issue would not affect a reader's understanding of the accounts and therefore does not prevent me issuing an unqualified audit opinion.

A number of changes to the accounts have been agreed with officers. A detailed report setting these changes out will be discussed with officers shortly and presented for members' consideration in the near future.

Yours sincerely

**Darren Wells**  
**District Auditor**