

25 October 2012

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Dear Member

## **Thanet DC - Annual Audit Letter 2011/12**

I am pleased to submit my Annual Audit Letter which summarises my 2011/12 audit of Thanet District Council.

### **Financial statements**

On 25 September 2012, I presented my Annual Governance Report (AGR) to the Governance and Audit Committee outlining the findings of my audit of the Authority's 2011/12 financial statements. I have summarised the key findings in this letter:

On 28 September 2012 I:

- issued an unqualified opinion on the Authority's 2011/12 financial statements included in the Authority's Statement of Accounts;
- concluded that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources;

I completed my Whole of Government Accounts (WGA) audit and certified completion of the audit on 2 October 2012.

In overall terms my assessment is that the Council has a good understanding of its underlying financial position and sound financial systems. Officers were diligent and helpful in responding to audit queries and in processing amendments. As reported in my AGR, however, there were a significant number of amendments made to the draft accounts submitted for audit. This included material amendments to the Balance Sheet, Movement in Reserves and Cash Flow statements, as well as a number of notes to the accounts. Some of these were identified by the Council as part of its own proof reading, and some as a result of audit findings. In my view the number and scale of amendments reflects both the complexity of the accounts (in comparison with other districts) and stretched capacity within the finance team. The Council recognises this is something which it needs to address for 2012/13

**Value for money**

The Council continues to demonstrate effective arrangements for budget and financial management. It achieved its financial targets for 2011/12 and has delivered efficiency savings across a range of service areas. As a result it was able to increase General Fund and Earmarked Reserves by £2 million.

Looking further ahead, the Council has identified a budget gap over the next 3 years of £1.4 million. There is a robust Medium Term Financial Strategy in place and the development of a service review programme which means that the Council should be reasonably placed to meet this challenge, although this will depend upon the outcome of the financial settlement for 2013/14. Beyond 2015, however, the Council faces a range of uncertainties around its funding and income streams, as well as national cost pressures including local business rate retention and universal tax credit. Members and officers will need to remain strongly focused on the delivery of service efficiencies and the medium term financial strategy.

**Closing remarks**

I have discussed and agreed this letter with the Chief Executive and Head of Finance. While this has been another challenging year for the Council I wish to thank the finance staff for their positive and constructive approach they have taken to my audit. I also wish to thank senior management and the Audit Committee for their support and co-operation during the audit.

Yours sincerely

Andy Mack  
Engagement Lead