



# **Sevenoaks District Council**

## **Report on the 2009/10 audit**

**Presented to the Performance and Governance Committee  
on 7 September 2010**

August 2010



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### Status of our reports to the Council

Our reports are prepared in the context of the *Statement of Responsibilities of Auditors and Audited Bodies* issued by the Audit Commission. Our reports are addressed to members or officers. They are prepared for the sole use of the audited body, and no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

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## SUMMARY

We summarise below the key results from our 2009/10 audit work:

Area	Results	Page
<b>Financial systems</b>	We were able to place reliance on controls in financial systems for the purpose of the audit.	4
<b>Opinion on the financial statements</b>	Unqualified opinion proposed.	6
<b>Qualitative aspects of financial reporting, including adjustments and unadjusted misstatements</b>	Overall, the quality of draft financial statements and supporting working papers was good and the Council has complied with new accounting guidance. We identified a small number of errors in the draft accounts, the majority being trivial. The accounts have been adjusted to change the categorisation of the Icelandic Investment to long term financial assets in line with the latest guidance; to adjust the presentation of the VAT rebate received to include it as an exceptional item on the face of the Income and Expenditure Account; and to restate the Note setting out the cost and accumulated depreciation of vehicles after a review by the Council.	6
<b>Use of resources assessment</b>	We undertook the majority of our work between February and April 2010. The incoming Government abolished the Comprehensive Area Assessment (CAA) in May 2010 and work related to the CAA, including Use of Resources, was halted with immediate effect. We are therefore unable to report scored outcomes of our work, although we have provided a summary of the work undertaken because this provides evidence which directly supports our value for money conclusion (see below).	8
<b>Value for money conclusion</b>	Positive value for money conclusion (i.e. that the Council has adequate arrangements in place to achieve economy, efficiency and effectiveness in its use of resources).	8
<b>Public Interest Reports</b>	None issued in the year.	10

## 1. INTRODUCTION

### *Background*

The International Standard on Auditing 260 (ISA 260 'Communication of audit matters to those charged with governance') provides standards and guidance governing the communication of audit matters between the auditor and those charged with governance of an entity.

Under this standard we are required to consider audit matters of governance interest that arise from our audit of the financial statements and communicate them with those charged with governance. The Council have determined that those charged with governance are the Performance and Governance Committee.

At the time we are drafting this report our financial statements audit work is substantially complete. To date, we have not received any questions or objections from local electors, the period for which commenced on 26 July 2010.

### *Auditors' responsibilities*

Auditors have a number of statutory responsibilities under the Audit Commission Act 1998, including:

- to give an opinion on the financial statements

- to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources
- to consider whether to issue a report in the public interest or to refer an unlawful matter to the Secretary of State.

The work that we have undertaken is based on our 2009/10 audit plan, which we presented to Members in June 2009.

### *Responsibilities of the Council*

The published accounts of the Council are an essential means by which it accounts for its stewardship of the resources at its disposal and its financial performance in the use of those resources. It is the responsibility of the Council to:

- prepare accounts that give a true and fair view of its financial position and its expenditure and income
- maintain proper accounting records
- ensure the regularity of transactions, by putting in place systems of internal control to ensure that financial transactions are lawful.

*Content of this report*

In this report we set out our findings from the audit of the financial statements, including:

- Our proposed audit opinion on the financial statements
- Our views about the qualitative aspects of the Council's accounting practices and financial reporting
- The results of our work on accounting systems, including details of any specific weaknesses
- Details of adjustments to the accounts and any uncorrected items in the financial statements
- The final draft of the letter of representation (refer to Appendix 1).

Within this report in section 3 we also describe audit work covering our other responsibility to assess the Council's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

## 2. AUDIT OF THE FINANCIAL STATEMENTS

### *Planning risks*

Generally, we regarded the audit of the Council's financial statements as low risk as our experience is that the Council's finances are well controlled. Nevertheless we highlighted a number of key audit risks affecting our audit plan and the outcome of audit work around these areas is discussed below.

### *Changes to the SORP*

There were further changes to the Statement of Recommended Practice (SORP) for local authority accounting in 2009/10, notably relating to the treatment of Council Tax and NNDR based on a reassessment of the arrangements between councils, major preceptors and central Government as agency arrangements. When planning the audit we considered these changes to be a potential source of error.

We critically reviewed the Council's financial statements in light of amendments to the SORP and against the SORP disclosure checklist and are satisfied that the Council has reflected the changes adequately in the financial statements.

### *Impact of the economic downturn*

We considered the effect of the economic downturn on the valuation of assets generally, and especially on the Council's fixed assets, as this posed a risk of material misstatement. We have reviewed the report of the Council's external valuer and considered his conclusion

in light of the evidence available, including the revaluations undertaken as part of the normal rolling programme.

We also reviewed the Council's bad debt provisions. We are satisfied that the Council has considered the impact of the economic downturn on its assets and reflected this in the financial statements.

### *Icelandic bank investment*

We have reviewed the calculation of the impairment in the financial statements of £120,000 in 2009/10 and found it to be in line with the most up-to-date CIPFA guidance.

We agreed an amendment to move the balance of the Icelandic Investment, of £739,000, from Short Term financial assets to Long Term financial assets, as the latest guidance assumes that the first repayment will be made in October 2011.

### *Review of the Council's key financial systems*

In order to arrive at an opinion on the Council's accounts we assess whether the key financial systems on which the accounts are based are adequate and are operating as prescribed. The Council has controls in place that enable it to assess during the year whether its controls are functioning properly. Of these, the key one is the presence of an effective Internal Audit service.

The Council's key financial systems are subject to an annual review by Internal Audit and, in undertaking our assessment of the Council's key financial systems, we again aimed to place reliance on

the work of the Internal Audit department. By undertaking the work in this way, we aim to minimise duplication of the combined internal and external audit effort.

We identified the following financial systems as being material to the audit opinion on the financial statements:

- Main accounting system
- Payroll
- Income and Debtors
- Purchases and Creditors
- Bank and Cash
- Treasury Management
- Council Tax
- NNDR.

These systems generate material transactions and, as such, have a material impact on the Council's annual accounts. For each key system we reviewed the work undertaken by Internal Audit and, where necessary, performed additional testing to cover the entire 2009/10 period in sufficient detail.

We confirmed that for each system the relevant high level controls were in place and that during 2009/10 they operated as expected. The only exception to this was the financial ledger system, in which

the majority of journals prepared were not independently authorised. However, due to their nature officers perceive this to be low risk.

We therefore undertook additional work, which involved a review of journal entries, and did not identify misuse of them. We have therefore been able to place reliance on the systems for the purpose of our audit and reduce the amount of testing required during our final audit visit.

We also concluded that the work of Internal Audit was again of a good quality in 2009/10 and that it provided the necessary assurance to the Council on the adequacy of internal financial controls.

#### ***Risk of material misstatement from fraud or other irregularity***

Under ISAs 240 and 250 we are required to assess the risk of material mis-statement in the Council's accounts as a result of fraud or other irregularity.

Based on our work in this area we have concluded that the risk of material mis-statement due to fraud is low. In addition, our work on legality indicated that the Council has proper management arrangements to safeguard legality. We therefore considered the risk of material misstatement from this source to be low.

#### ***Financial statements audit***

The Council approved its draft accounts and submitted them for audit in advance of the 30 June deadline. We can confirm that the

Council has prepared its financial statements for 2009/10 in accordance with the requirements of the SORP.

### ***Proposed audit opinion***

On the basis of our work to date we propose to issue an unqualified opinion on the financial statements following receipt of a letter of representation from management (a draft of which is in Appendix 1) and formal approval and signing of the financial statements. Our proposed audit opinion is included in Appendix 2.

### ***Adjusted and unadjusted errors***

During the course of the audit we identified a small number of errors in the draft financial statements. We have agreed three significant amendments to the Statements or the associated notes:

- Re-categorising the receipt of the VAT rebate as an exceptional item on the face of the Income and Expenditure account. The gross rebate amounted to £2,315,000 and associated costs amounted to £463,000.
- Re-categorising the balance of the Icelandic Investment from Short Term to Long Term Financial Assets to reflect the latest guidance issued on expected receipt of monies.
- In Note 12 to the Statements, restating the Cost and Accumulated Depreciation of Vehicles to reflect the work the Council has undertaken to reconcile the Vehicles register. This resulted in a reduction to both the Cost and Accumulated Depreciation of £1,470,000 with no net effect on asset values.

None of these amendments has had an impact on the stated outturn of the Council. We identified a small number of misstatements which we considered to be trivial in size and therefore agreed with officers that no adjustment to the accounts was necessary.

The Council have also updated the accounts to reflect a non-adjusting post balance sheet event with regard to the valuation of the Pension Fund liability. This reflects the Government's recent decision to move from using the Retail Price Index to the Consumer Price Index when estimating the annual increase in pensions.

### ***Future developments: International Financial Reporting Standards***

From 2010/11 the Statements of Accounts of public sector organisations will be prepared under an International Financial Reporting Standards (IFRS) based Code of Practice on Local Authority Accounting. This is part of a wider public-sector move to international standards.

The 2010/11 accounts prepared under IFRS will need to include comparative information, also under IFRS, for the 2009/10 year. The Council is currently slightly behind schedule in its progress to prepare IFRS Compliant accounts by 30 June 2011. It has rescheduled certain activities and target dates, such as restatement of the opening balance sheet as at 1 April 2009, but at this stage we do not have concerns that the Council will miss the required deadlines.

### 3. USE OF RESOURCES

It is the responsibility of the Council to put in place arrangements to achieve economy, efficiency and effectiveness in the use of its resources. We are required to consider those arrangements and to report on whether we are satisfied that the Council has put proper arrangements in place.

#### *Use of resources*

On 26 May 2010 it was confirmed that work related to the Comprehensive Area Assessment, which included Use of Resources, was to cease with immediate effect. There was no change to the requirement in the statutory Code of Audit Practice for auditors to issue a Value for Money (VFM) conclusion.

The Use of Resources work we had completed up to 26 May 2010 informs our statutory VFM conclusion, the outcomes of the two being assessed against the same specified criteria. Although we are unable to provide any scored judgements, we have provided below a summary of the work undertaken and our findings within each theme.

#### *Managing Finances*

Baseline Summary: In our 2009 assessment we determined that:

*The Council achieved the highest score of 4 in this theme. The Council's key strengths include its fully integrated planning processes, its consultation work, its understanding of the costs it*

*incurs and its comprehensive financial monitoring system. The Council demonstrated strong outcomes for the community as a result of its management processes. Information presented to decision makers was of good quality, allowing a strong scrutiny function to be in place where performance was regularly challenged.*

A refresh in 2010 has confirmed that that Council's arrangements for managing its finances continue to be strong. Its arrangements for predictive financial planning and clear linkage of community, corporate and financial strategies and service plans, are strong.

The Council has an excellent understanding of what costs it incurs and uses reliable cost data. Service and Performance Plans bring together financial, operational and performance data. The Council has revised the Medium Term Financial Strategy in light of the current economic climate, undertaking appropriate scenario planning and identifying saving measures to mitigate negative impacts. This work is clearly ongoing, as the Council seeks to address the likely impact of Government cuts on its strategic financial plans.

The Council has implemented a new Performance Management System (Covalent) that delivers improved performance reporting and further alignment of cost information with performance data. Service managers are very financially aware and have received training and support to ensure that this is the case.

The Council has a strong record of achieving efficiencies, and it has recognised that a fundamental review is required of how it and its partner organisations deliver services if it is to address the very challenging financial environment in the coming years.

The Council has a comprehensive and refined financial monitoring system which links directly to the accounts closure procedures. This provides information to support strategic decision making at all levels of the Council. The Council can demonstrate that it has proactive reporting arrangements in place and that it considers the needs of users in its external reporting. In 2009/10 an Economic Development Group was formed, which has developed a statistical profile of the local economy and an 'Economic Barometer' as a tool to assess the impact of the recession.

### Governing the Business

Baseline Summary: In our 2009 assessment we determined that:

*The Council achieved a score of 3 in this theme and in each of the individual KLOEs. The Council demonstrated that it is performing strongly in a number of areas, notably in its programme of extensive engagement of the community and stakeholders to and its clear focus on desired outcomes for the community, informed by service users.*

*The Council demonstrated extensive engagement with partnerships for delivering priorities and good use of comparative performance and other data. The Council has*

*strong data quality arrangements which underpin its strong track record of efficiency savings and value for money service delivery. The Council demonstrated that risk management is fully embedded across the organisation and extended to partnerships*

The Council's strength areas include its extensive involvement of the local community and stakeholders and its clear focus on desired outcomes for the community, informed by service users. Other strengths include extensive use of partnership working and its extensive use of benchmarking and comparative data to achieve efficiencies. In 2009/10 the Council sought to streamline its procurement activities and look for innovative ways to improve procurement efficiency and the quality of the goods and services it procures.

The Council's extensive engagement with partnerships for delivering priorities and its good use of comparative performance and other data is noteworthy. The Council ensures partnerships are held to account, in terms of performance and governance, through regular monitoring and partnership meetings.

The Council has demonstrated that risk management is fully embedded across the organisation and extended to partnerships. There is evidence of a strong counter fraud culture.

The Council has continued to develop and improve its Data Quality and Performance Management Arrangements and the introduction of

Covalent has significantly strengthened the Council's links between Performance and Risk Management. The Council has worked to further embed the Data Quality principles across the organisation.

These arrangements have provided very strong outcomes in a number of areas, in particular with regard to the benefits service. After identifying a number of weaknesses in 2007/08 the Council has reviewed this service and using its performance management processes undertaken significant improvements. Time taken to process new claims was reduced by 38% between 2007/08 and 2009/10 and the Council has also achieved efficiencies within the service.

The Council has also demonstrated its strong commitment to partnership working within its performance management by joint working with other councils in Kent to achieve the Code of Connection Compliance. Compliance was achieved within deadlines and savings in the region of £15,000 were obtained through the use of shared technology whilst maintaining the required data quality.

The Council has also recently agreed a shared service arrangement with Dartford Borough Council for its Revenues and Benefits Service, which should deliver total savings of £500,000 a year, demonstrating its commitment to continuous improvement and achievement of operational and financial efficiencies.

### Managing Resources

Baseline Summary: In our 2009 assessment we determined that:

*The Council achieved a score of 4 for its Workforce Planning. The Council has strong arrangements for managing people and performance. These have delivered significant cultural change over the last four years: the empowerment of staff has enabled the Council to improve services and deliver savings.*

The 2010 assessment was to review the Council's use of Natural Resources.

The Council has incorporated natural resource management into its overall management framework and worked with its partners in Kent to identify and manage key environmental risks. It has committed to significant partnership projects, including the shared office accommodation with Kent Police and a number of shared service agreements, such as the Licensing Partnership.

The Council has a Sustainable Procurement Strategy and has worked to obtain external funding to support projects, notably the funding received for the capital project at the Edenbridge Traveller site, a project which demonstrates the Council's commitment to sustainable construction.

The Council's website provides easily accessible information for local people on how they can determine and reduce their own consumption of natural resources, but information regarding the Council's actions to reduce its own consumption is less evident.

The Council should also look to update its Carbon Management Action Plan, to include specific plans and targets to reduce its consumption further.

### ***Data quality***

As part of the 2010 Use of Resources work we assessed the Council's arrangements for ensuring data quality, covering both the management of data quality and more detailed spot check testing in particular areas. We found the Council to have robust management arrangements in place.

Based on the sample of Performance Indicators we audited we concluded that the data used is accurate, valid, reliable, timely, relevant and complete.

### ***Value for Money audit conclusion***

The work that we undertake on use of resources informs the value for money (VfM) conclusion which we provide annually in the Council's financial statements. The VfM conclusion is an assessment of the Council's arrangements on a range of issues, including:

- Establishment of strategic and operational objectives
- Community engagement and ensuring that services meet the needs of patients and taxpayers
- Monitoring and reviewing of performance

- Risk management
- Financial management
- Standards of conduct.

On the basis of the work we have undertaken we need to confirm whether or not the Council has adequate arrangements to achieve value for money in the use of resources. Our conclusion is that it had such arrangements in place in 2009/10.

**4. PUBLIC INTEREST REPORTS**

No matters have arisen in respect of the 2009/10 audit about which we have issued a public interest report.

**5. AUDIT FEES**

A comparison of the planned and actual audit fees for 2009/10 is set out below.

	<b>Planned</b>	<b>Actual</b>
	£	£
Financial statements	54,000	54,000
Use of Resources	38,250	38,250
Total	<u><u>92,250</u></u>	<u><u>92,250</u></u>

**APPENDIX 1**

**DRAFT LETTER OF REPRESENTATION**

Baker Tilly UK Audit LLP  
Lancaster House  
7 Elmfield Road  
Bromley  
BR1 1LT

Date: 7 September 2010

Dear Sirs

**AUDIT OF FINANCIAL STATEMENTS – 31 MARCH 2010**

This representation letter is provided in connection with your audit of the financial statements of Sevenoaks District Council for the year ended 31 March 2010 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view, in accordance with the applicable financial reporting framework. The financial reporting framework that has been applied in the preparation of the Council's financial statements is applicable law, the Statement of Recommended Practice – Local Authority Accounting 2009 and United Kingdom Generally Accepted Accounting Practice.

We confirm, to the best of our knowledge and belief, and having made appropriate enquiries of other members and officers of the Council, the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2010.

1. We acknowledge and have fulfilled our responsibilities for ensuring the Council maintains adequate accounting records and for the preparation of the financial statements in accordance with the applicable financial reporting framework, in particular the financial statements give a true and fair view in accordance therewith. All the accounting records have been made available to you for the purpose of your audit and all transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information and explanations, including minutes of all Council and sub Committee meetings held between the beginning of the accounting period and the date of this letter, have been made available to you.
2. We confirm that we have taken all the steps that we ought to have taken as members and Deputy Chief Executive and Director of Corporate Resources in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to the auditors. We confirm that, as far as we are aware, there is no relevant audit information of which the auditors are unaware.
3. We confirm that:

- a. We acknowledge responsibility for the design and implementation of internal control to prevent and detect fraud;
  - b. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
  - c. We have disclosed to you our knowledge of fraud and suspected fraud affecting the Council involving:
    - i. Management;
    - ii. Employees who have significant roles in internal control; and
    - iii. Others where the fraud could have a material effect on the financial statements; and
  - d. We have disclosed to you our knowledge of any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.
4. There have been no unadjusted misstatements drawn to our attention by the auditors.
5. We confirm that full disclosure is made in the financial statements of:
- a. transactions and balances with related parties including:
    - i. the names of the transacting parties;
    - ii. a description of the relationship between the parties;
    - iii. a description of the transactions;
    - iv. the amounts involved (even if nil);
    - v. any other elements of the transactions necessary for an understanding of the financial statements;
    - vi. the amounts due to or from related parties at the balance sheet date and provisions for doubtful debts due from such parties at that date; and
    - vii. amounts written off in the period in respect of debts due to or from related parties;
  - b. outstanding capital commitments contracted for at the balance sheet date;
  - c. all contingent liabilities including details of pending litigation and material claims against the Council;
  - d. all guarantees or warranties or other financial commitments
6. We have disclosed all events of which we are aware which involve possible non-compliance with those laws and regulations which provide a legal framework within which the Council conducts its business and which are central to its ability to conduct that business. We have also notified you of the actual or contingent consequences which may arise from such non-compliance.
7. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

8. There have been no events (other than those already disclosed in the financial statements) since the balance sheet date, which necessitate revision of the figures in the financial statements or inclusion of a note thereto. Should such further material events occur prior to your signature of the audit report we will advise you accordingly.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

Signed on behalf of Sevenoaks District Council

Deputy Chief Executive and Director of Corporate Resources

Chairman of the Performance and Governance Committee

APPENDIX 2

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
SEVENOAKS DISTRICT COUNCIL**

**Opinion on the financial statements**

We have audited the Authority accounting statements and related notes of Sevenoaks District Council for the year ended 31 March 2010 under the Audit Commission Act 1998. The Authority accounting statements comprise the Authority Income and Expenditure Account, the Authority Statement of the Movement on the General Fund Balance, the Authority Balance Sheet, the Authority Statement of Total Recognised Gains and Losses, the Authority Cash Flow Statement, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Sevenoaks District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission in April 2008.

***Respective responsibilities of the Director of Corporate Resources and auditor***

The Director of Corporate Resources' responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority and its income and expenditure for the year.

We review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. We report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the governance statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

We read other information published with the Authority accounting statements, and consider whether it is consistent with the audited Authority accounting statements. This other information comprises the Explanatory Foreword. We consider the implications for my report if we become aware of any apparent misstatements or material inconsistencies with the Authority accounting statements. Our responsibilities do not extend to any other information.

### ***Basis of audit opinion***

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Authority accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the Authority accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Authority accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Authority accounting statements and related notes.

### ***Opinion***

In our opinion the Authority accounting statements give a true and fair view, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2009: A Statement of Recommended Practice, of the financial position of the Authority as at 31 March 2010 and its income and expenditure for the year then ended.

Henry Arthurs (Senior Statutory Auditor)  
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
Lancaster House  
7 Elmfield Road  
Bromley  
BR1 1LT

7 September 2010

**Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources**

***Authority's Responsibilities***

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

***Auditor's Responsibilities***

We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009. We report if significant matters have come to our attention which prevent us from concluding that the Authority has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

***Conclusion***

We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in October 2009, we are satisfied that, in all significant respects, Sevenoaks District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2010.

**Certificate**

We certify that we have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Henry Arthurs (Senior Statutory Auditor)  
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
Lancaster House  
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7 September 2010