

22 October 2012

Members  
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County Hall  
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Dear Member

## **Kent County Council Annual Audit Letter 2011/12**

I am pleased to submit my Annual Audit Letter which summarises my 2011/12 audit of Kent County Council and the Pension Fund that it administers.

### **Financial statements of the Council and Pension Fund**

On 26 July 2012 I presented my Annual Governance Report (AGR) to the Governance and Audit Committee detailing the findings of my audit of the Council's 2011/12 financial statements and the Pension Fund it administers. I also reported my findings of the audit of the Pension Fund to the Superannuation Fund Committee on 31 August 2012. There are no matters arising from my audit of the Council's accounts or the Pension Fund that I need bring to your attention. I do not repeat my detailed findings reported in my Annual Governance Report in this letter.

### **Value for money conclusion**

To conclude whether the Council has proper arrangements for securing economy, efficiency and effectiveness in its use of resources I reviewed during the year:

- financial resilience arrangements;
- The Council's response to the changing public services agenda;
- New corporate governance arrangements for decision making;
- Developments in the Council's risk and performance management arrangements; and
- How the Council considers value for money in children's services.

I issued an unqualified value for money conclusion and made some recommendations to strengthen arrangements further.

The Audit Commission requires me to report by exception on any other significant additional matter that comes to my attention and which I consider to be relevant to the establishment of proper arrangements to secure economy, efficiency and effectiveness in the use of resources. I consider the findings of the Ofsted inspection in October 2010 to be a significant matter. Ofsted concluded that the overall effectiveness of safeguarding children and young people services and services for looked after children were inadequate, identifying significant weaknesses in the Council's arrangements for:

- producing relevant and reliable data and information to support decision making and manage performance; and
- planning, organising and developing the workforce effectively to support the achievement of strategic priorities.

The Council is working to an agreed improvement plan but as Ofsted have not carried out a re-inspection during 2011/12 I continued to report the above as an exception matter.

### **Reporting the results of my audit**

Following the Governance and Audit Committee on 26 July I:

- issued an unqualified opinion on the Council's 2011/12 financial statements included in the Authority's Statement of Accounts on 26 July;
- issued an unqualified opinion on the Pension Fund 2011/12 financial statements included in the Pension Fund Annual Report on 5 October;
- concluded that you have made proper arrangements to secure economy, efficiency and effectiveness in your use of resources on 26 July; and
- certified completion of the audit on 5 October 2012.

### **Future challenges**

Responding to the difficult financial climate while providing quality core services and delivering its ambitions as set out in 'Bold Steps' will continue to be a key challenge for the Council over the medium term. It estimates annual savings of between £60 and £80 million over the next few years. Savings of this scale coupled with the desire to protect frontline services requires a strong focus on transforming how services are delivered. A track record of; strong financial control, effective financial planning, embracing innovation, coupled with enhanced financial governance arrangements in 2011/12, provide a sound foundation to address this challenge.

**Closing remarks**

I have discussed and agreed this letter with the Head of Paid Service and Corporate Director of Finance and Procurement. While this has been another challenging year for all who work within local government, I wish to thank the finance staff for the positive and constructive approach that they have taken to my audit. I also wish to thank members, senior management and the Governance and Audit Committee for their support and co-operation during the audit.

Yours sincerely

Darren Wells  
District Auditor