

19 June 2009

Mr Peter Gilroy  
Chief Executive  
Kent County Council  
Sessions House  
County Hall  
Maidstone ME14 1XQ

**Direct line** 0844 798 6110  
**Email** d-wells@audit-  
commission.gov.uk

— Dear Peter

### Annual audit fee 2009/10

Further to a number of discussions with your senior officers and those that my colleague, Grahame Brown, has had with Lynda McMullan, I am writing to confirm the audit work that we propose to undertake for the 2009/10 financial year at the Council. The fee:

- is based on the risk-based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission for 2009/10; and
- reflects only the audit element of our work, excluding any inspection and assessment fees. Claire Bryce-Smith as the Council's Comprehensive Area Assessment Lead will write to you separately on inspection fees.

The total indicative fee for the audit for 2009/10 is for £377,770 (exclusive of VAT) which compares to the planned fee of £354,020 for 2008/09. A summary of the different elements of the fee and a comparison to 2008/09 is shown below.

<b>Audit area</b>	<b>Planned fee 2009/10</b>	<b>Planned fee 2008/09</b>
Financial statements	256,890	244,750
Use of Resources/VFM Conclusion (including risk based work)	117,280	106,170
WGA	3,600	3,100
<b>Total audit fee</b>	<b>377,770</b>	<b>354,020</b>
Claims and returns certification (estimate)	25,000	25,000

The Commission has published its work programme and scales of fees 2009/10. Based on this the Council's scale fee is £377,770 and this is the fee proposed for 2009/10.

In setting the fee at this time I have assumed that the general level of risk in relation to our work on the financial statements is not significantly different from that expected in 2008/09. A specific plan for this will be sent to the Council in February 2010 which will detail the financial statements risks identified, our planned audit procedures and any changes in fee for this element of our audit. I intend to discuss on an ongoing basis the Council's preparations for complying with the International Financial Reporting Standards in 2010/11.

The fee for grant certification work is an estimate and will be charged at the rates published by the Commission.

I do need to make you aware that the audit planning process for 2009/10 will be subject to review and updated as necessary as I have not yet completed my audit for 2008/09. If I need to make any significant amendments to the audit fee during the course of the audit, I will first discuss this with the Director of Finance and then prepare a report explaining the reasons for discussion with the Governance & Audit Committee.

One key element of my use of resources work will be undertaken using the Commission's key lines of enquiry for the three themes below:

- managing finances;
- governing the business; and
- managing resources.

Further details can be found in the Commission's work programme and scales of fees 2009/10.

My work on use of resources informs my 2009/10 value for money conclusion. My planning for the 2009/10 audit has also identified a small number of significant risks relating to the value for money conclusion. Some of these, such as health inequalities follow up, are planned to be undertaken across all appropriate public bodies in Kent.

For each of these risks, I have considered the Council's arrangements to mitigate the risk and set out the work planned and timings below.

<b>Risk</b>	<b>Planned work</b>	<b>Timing of work</b>
There is evidence of health inequalities across the county area. Joint working with health partners in the National Health Service (NHS) is needed to tackle the inequalities that exist.	We will undertake a follow up of our 2008/09 work to assess the progress made by the Health and Well Being Boards during 2009. Our findings will be issued jointly to all bodies involved in the review and an action plan prepared.	June 2009 to March 2010

<p>Workforce planning underpins and supports improvements in service delivery. Where it is ineffective corporate ambitions might not be achieved.</p>	<p>We will review the effectiveness of the Council's existing workforce planning in terms of its contribution to the achievement of its vision by considering whether it addresses fully the Council's future workforce requirements including its plans for the ongoing development of its staff in order to fill identified future gaps.</p>	<p>June 2009 to September 2009</p>
<p>Community cohesion issues are complex and can operate differently in local areas even within the same council area. The identification of factors that prevent the achievement of good community cohesion can be challenging as is the identification of actions to improve cohesion.</p>	<p>We will review the approach across Kent and in doing so will involve other bodies as appropriate to establish the effectiveness of community cohesion and to identify any opportunities to enhance the arrangements in place.</p>	<p>June 2009 to January 2010</p>
<p>The transfer of responsibility of adults with learning disabilities from the NHS to local authorities needs to be achieved after consideration of a range of financial issues. The Council will have significant financial responsibilities for a large number of vulnerable people going forwards and there is a need to ensure that the Council understands the financial impact of the transfers.</p>	<p>We will build on our work undertaken at the 2008/09 audit and monitor the progress made by attendance at key meetings and discussions with responsible officers. This work will be reported as part of our Annual Governance Report.</p>	<p>June 2010 to March 2010</p>

<p>Participation in the Building Schools for the Future programme is technically demanding and requires effective project management at all stages from the application phase to completion. The Council will invest a significant amount of money in the programme and there remains is an ongoing risk until all schemes are completed.</p>	<p>We will undertake a high level overview of the Council's approach in order to ensure the arrangements in place ensure that the Council achieves value for money. This work will be reported as part of our Annual Governance Report.</p>	<p>June 2009 to March 2010</p>
<p>The current economic climate has impacted significantly on the finances of local authorities including increased demand for some services, reduction in income from charges levied and increased levels of debtors. Potentially this places the Council's financial health at risk.</p>	<p>We will monitor the Council's financial performance to see how well it is managing the impact of the current economic climate and assess the impact on its overall financial health. This work will be reported as part of our Annual Governance Report.</p>	<p>June 2009 to March 2010</p>

Project specifications for each piece of work will be issued for discussion with officers before any work is started.

I will issue a number of reports relating to my work over the course of the audit. These are listed at Appendix 1. Where we are undertaking monitoring reviews, updates will be given as part of our progress reports to the Governance & Audit Committee in year.

The above fee excludes any work requested by you that the Commission may agree to undertake using its advice and assistance powers. Each piece of work will be separately negotiated and a detailed project specification agreed with you.

The key members of the audit team for the 2009/10 are:

Audit Manager – Grahame Brown 0844 798 6107

Audit Manager – Liz Robinson 0844 798 1377

Team Leader – Jeremy Jacobs 0844 798 6121

I am committed to providing you with a high quality service. If you are in any way dissatisfied or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Neil Childs, Head of Operations, Southern Region who can be contacted at the following e-mail address [n-childs@audit-commission.gov.uk](mailto:n-childs@audit-commission.gov.uk).

Yours sincerely

A handwritten signature in black ink, appearing to read 'DWells'.

Darren Wells  
District Auditor

cc Lynda McMullan, Director of Finance  
Mr R Long, Chairman of the Governance & Audit Committee

## Appendix 1: Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the Audit Committee. We will also provide regular progress reports to the Audit Committee.

<b>Planned output</b>	<b>Indicative date</b>
Review of health inequalities	February 2010
Review of workforce planning	February 2010
Review of community cohesion	February 2010
Annual governance report	September 2010
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2010
Use of resources report	September 2010
Final accounts report	October 2010
Annual audit letter	November 2010