

Annual Audit Letter

Kent County Council

Audit 2008/09

November 2009



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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
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Key messages

This report summarises the findings from our 2008/09 audit. It includes messages arising from the audit of your financial statements and the results of the work I have undertaken to assess your arrangements to secure value for money in your use of resources.

Audit opinion and financial statements

- 1** I issued an unqualified opinion on the Council's financial statements including the Kent Superannuation Fund on 31 July 2009. The financial statements were submitted for audit on the 5 June, five weeks after the end of the financial year which is a positive achievement and one of the earliest in local government. The quality of the statement of accounts was good and a small number of errors and omissions identified during the audit were corrected within the accounts presented for members' approval on 30 June. I have not been able to conclude the audit formally as the Council is corresponding with a local government elector over some payments shown within the financial statements.
 - 2** With effect from 2010/11, financial statements will be prepared under International Financial Reporting Standards (IFRSs), a reporting system that is already in place for the private sector. The transition to this framework begins now, ensuring that future information needs can be met from financial systems. I am liaising with officers over the Council's preparations. At this time there are no matters to report.
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Value for money and use of resources

- 3** I concluded that in all significant respects, the Council has appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources in 2008/09.
- 4** I completed my use of resources assessment against a new methodology established by the Audit Commission. This has more of a focus on outcomes delivered for the public. In my opinion, the Council continues to demonstrate good value for money, working creatively to secure improvements in services whilst making efficiencies, against an increasingly difficult financial climate. At the time of writing this letter, the Council has requested a review of my judgements, so I have not included any scores in the detail of this letter.

- 5 The current economic climate places increased demands on the Council, both in how it can help stimulate the local economy and how it responds to its own financial standing. It is innovatively boosting jobs, businesses and tourism in the area and its response to helping local small businesses during the recession has been rapid. Looking at its own financial position, it estimates that it will need to reduce spending by approximately £200 million over the period up to 2012/13 through a combination of resisting budget pressures, making savings through efficiencies and policy led changes. The Council has a long track record of making cash savings and working within its resources, and is well placed to meet this demanding challenge.
- 6 Recently the Council's commercial operations have attracted much press coverage over the way the Council competes against the private sector, alleging that the commercial operations were subsidised by council taxpayers' money. My independent review confirmed that the Council has operated within its powers; has established a robust methodology for allocating its costs incurred on behalf of its commercial undertakings and does not offer any financial support or cross-subsidisation that gives the commercial operations any competitive advantage; and that its operations are driven by a need to supply goods and services at competitive prices to both the public and private sectors. This latter point helps to reduce the Council's costs.
- 7 Health inequalities exist in all parts of Kent and reducing this is a priority for the Council and other public sector bodies. Tackling health inequalities absorbs huge amounts of public money in both local government and health sectors. There is much good work ongoing in Kent to tackle health inequalities, such as smoking, sexual health, healthy weight, mental health and well-being, and alcohol abuse. I reviewed the activity of the 12 local health and well being boards (HWBBs) operating across Kent, which are aligned with the districts' and boroughs' geography, and are responsible for improving the health and well-being of the local communities they serve. I concluded that the HWBBs are at varying stages of development. Some are very clear on their focus, understand the needs of the residents and have appropriate capacity to carry out their plans. Others are working to achieve this state. The majority of the HWBBs are in the early stages of improvement planning and cannot yet demonstrate continuous improvement in the health and well being of the local populace from their activities.

Key messages

8 Partnership working is a modern way of working given the different responsibilities of public sector organisations. Recent national policy transfers the social care responsibility for adults with learning disability from primary care trusts to local government. I have observed over the year how partners have worked together to manage this. The transition process continues but I concluded that a high level of professionalism and effective working between all bodies has been achieved at all times. I will continue to monitor the ongoing work in 2009/10. In June 2008, in an otherwise excellent assessment, the Audit Commission's Corporate Performance Assessment reflected on the need for the Council to consider its impact on voluntary and community organisations (VCOs), concluding that the Council's capacity to deliver its ambitions would be stronger if it adopted a more inclusive, listening approach, particularly with local partners. This year I undertook a sample review of one section of the Council's partners when I sought VCO's views on the Council's ability to foster strong partnerships with them. My conclusion is that the Council is well regarded as a partner by the VCOs. Its strengths include giving strong and inspirational leadership to the VCOs and valuing their differing objectives and approaches. Moreover, the Council supports these groups on difficult decisions on patient care and boosts their capacity through training. VCOs views did highlight some matters where they thought the working relations could be strengthened further such as making internal changes to ensure VCOs achieve their goals and building better links with the older people's forums. I am aware that the Council has plans to undertake its own review of the effectiveness of partnerships and encourage it to consider the findings from our review as part of this.

. Audit fees

9 The planned audit fees for 2008/09 were presented to the Governance and Audit Committee in June 2008. Appendix 1 set out more details.

Actions

10 I have made a number of recommendations within reports issued to the Council which are not repeated in this Annual Audit Letter.

Independence

11 I can confirm that the audit has been carried out in accordance with the Audit Commission's policies on integrity, objectivity and independence.

Financial statements and annual governance statement

The Council's financial statements including the Kent Superannuation Fund and annual governance statement are an important means by which it accounts for its stewardship of public funds.

Significant issues arising from the audit

- 12** I have completed the audit of the Council and Superannuation Fund accounts for 2008/09. Details of my findings were summarised within the annual governance reports presented to the Governance and Audit Committee on 30 June and updated at its meeting of 16 September 2009. I issued an unqualified audit opinion on the accounts on 31 July 2009.
- 13** Last year, I reported the difficulty of reconciling the related systems SWIFT and TDM. The adult social care packages for individuals are detailed on the SWIFT database which establishes the cost of care packages and is also used to authorise electronic invoices paid via the domiciliary care payment system (TDM). There are ongoing discrepancies between the SWIFT and TDM records for individuals' care packages. The Council undertook a significant amount of work to understand the differences in the systems. My review during the 2008/09 audit concluded that the entries within the accounts are not materially misstated although I was unable to confirm fully the entries originating from these systems. This area should remain a focus for Council action in advance of the 2009/10 audit of the financial statements.
- 14** The Council and Thanet District Council have created and own in equal shares the East Kent Opportunities Partnership LLP (EKO) to facilitate economic development in Thanet. The Council sold some land to EKO and it also built a spine road (£4.4 million cost) to allow access to the development site. A management agreement was signed by EKO which requires it to reimburse the cost of the road within two years of signing the agreement. As a separate entity, EKO has to prepare its own accounts and under accounting rules, as a joint owner, the Council has to recognise its share of the balances and transactions of EKO in its own accounts. The 2008/09 financial statements did not completely reflect this arrangement and this is an area for focus for 2009/10.

Financial statements and annual governance statement

15 In my last Letter I referred to the material sum of money that the Council had deposited with some Icelandic banks at the time of their collapse and that the Council was taking action to recover it. The amount involved totalled £50.3 million including £16.3 million relating to the Kent Superannuation Fund and £1.8 million that had been deposited by the Council on behalf of Kent and Medway Fire and Rescue Authority. The Council along with other local authorities has been working with their advisers to recover the deposits. Some £3 million has been received to date and there are strong indications that the Council will recover the vast majority of the deposits made as a result of commitments given by the Icelandic Government. I reviewed and agreed that the Council had appropriately reflected the risk of its financial exposure from these deposits in the 2008/09 financial statements. Since the time of the Icelandic banks collapse, the Council has reviewed its treasury management arrangements. We will continue to monitor developments.

Material weaknesses in internal control

16 I did not identify any significant weaknesses in your internal control arrangements.

Accounting practice and financial reporting

17 I considered the qualitative aspects of your financial reporting and highlighted the following three areas.

- Strengthening the arrangements for obtaining and reporting related party declarations including, ensuring the completeness of disclosures. Related party transactions are an important aspect of the Council's governance arrangements to make transparent any relationship between corporate bodies and the Council and any financial relationships that Members or senior officers may have with the Council. There were a small number of related party transactions that had not been disclosed in the statements, and we recommended that declarations from Members and senior officers should make clear that the returns also cover the Superannuation Fund accounts.
- Demonstrating compliance with financial reporting standards when deciding to capitalise expenditure.
- Whilst we acknowledge the pressure on officers given the very early production of the financial statements, the working papers supporting the statement of accounts can be enhanced further.

Grant claims and returns

18 Annually we are required to certify the Council's grant claims and returns. For 2008/09 there were ten. The teachers' pension return totals £85.7 million and is material to our financial statements audit and our approach requires us to complete sufficient audit work on it to confirm that it does not contain material errors before we give our opinion of the statements. This return is one of a number where the Council's working papers supplied to us can be improved.

International Financial Reporting Standards (IFRSs)

- 19** With effect from 2010/11, the Council's financial statements will be prepared under IFRSs, a reporting system that is already in place for the private sector. The transition to this framework begins now, ensuring that future information needs can be met from financial systems.
- 20** We have met with officers to discuss the Council's project management processes that seek to ensure that it will be able to publish timely and accurate IFRS-compliant accounts for 2010/11. We have identified those issues that we believe will have the most significant impact on Council's accounts and will maintain regular contact with the Council to assess progress. At this time the Council has informed us that no significant issues have arisen and it is on target.

Value for money and use of resources

I considered how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people, and gave a scored use of resources judgement.

I also assessed whether the Council put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

Use of resources judgements

- 21** The new use of resources assessment framework is more demanding than the previous assessment. It is broader in scope and embraces wider resource issues such as people and workforce planning. It also places more emphasis on considering outcomes for local people. It is particularly important to recognise that the key lines of enquiry (focused areas of review) are more strategic and focus much more explicitly than previously on value for money achievements than on processes. Results under this assessment framework are not directly comparable with earlier year's assessments.
- 22** In forming my scored use of resources judgements, I have used the methodology set out in the [use of resources framework](#). Judgements have been made for each key line of enquiry (KLOE) using the Audit Commission's current four point scale from 1 to 4, with 4 being the highest.
- 23** I have also taken into account, where appropriate, findings from previous use of resources assessments (updating these for any changes or improvements) and any other relevant audit work.
- 24** The Council's use of resources theme scores are shown in Table 1 below.

Table 1 Use of resources theme scores

Use of resources theme	Scored judgement
Managing finances	To be confirmed
Governing the business	To be confirmed
Managing resources (use of natural resources and management of asset base)	To be confirmed
Overall	To be confirmed

Managing finances

- 25** The Council plans its finances effectively to deliver its strategic priorities and secure sound financial health. There is an effective integrated financial and business planning process with links to risk at a service level and has led to innovative methods of delivering services within available resources. The introduction of the Kent Card for has led to an increase in older people the direct payments scheme. The Council's medium-term financial strategy sets out clearly assumptions and pressures over a three year period with regular monitoring of the cost of services and the level of reserves and balances held by the Council. The Council engages well with the community and its partners when developing its financial plans and services. It shifts resources to priority areas like the Kent Freedom Pass scheme which has led to an increase in school children travelling by bus and a reduction in traffic congestion and peak journey times. Budgets and costs are well managed and understood with the Council attracting high levels of external funding to deliver community based projects. Members and chief officers provide effective leadership and challenge to spending plans as demonstrated by the Council's achievement of its overall expenditure to budget for nine years consecutively whilst delivering services the public desire and by exceeding its savings plans.
- 26** The Council has a sound understanding of its costs and performance levels and has achieved efficiencies in its activities. It has a clear understanding of external factors influencing it business and is effective at lobbying government on issues such as the financial impact of asylum seekers. The Council maintains low levels of council tax increases year-on-year. It has a track record of effective procurement arrangements often linked to its own commercial operations and through collaboration with others and can demonstrate improvements to its own business processes.
- 27** The Council's financial reporting is timely, reliable and meets the needs of internal users, stakeholders and local people. It has good quality internal financial monitoring and reporting that was developed in consultation with budget holders and Members. Strong budgetary control and flexible reporting tools has led to quick and effective action being taken to address income and expenditure variances. The Council is able to produce its financial statements to a very early timetable, more than a month earlier than the statutory deadline. There is extensive consultation that seeks to ensure that its financial reporting meets users' requirements, including the Around Kent publication and the innovative use of Kent TV which has successfully targeted younger people.

Value for money and use of resources

Governing the business

- 28** The Council commissions and procures quality services that offer value for money, meet local needs and deliver sustainable outcomes successfully. This is seen in the innovative Access Kent Project which has launched seven Gateways throughout the County. These provide the public with service points in retail-based locations and use new technologies to facilitate effective working across public sector partners including police and health services and with voluntary and community organisations. Members and senior officers have set a clear vision, objectives and evaluation criteria for procurement based on extensive consultation including energy through LASER, part of the Council's commercial services directorate, which provides a flexible procurement arrangement to purchase energy wholesale and seeks to minimise risks in markets which are subject to volatile price changes. The Council uses IT innovatively which has had a positive impact on the community through the assistive technologies of Telehealth and Telecare.
- 29** The Council produces relevant and reliable data and information to support decision making and manage performance. The data quality strategy outlines the need for accurate data which is delivered by champions in each directorate. Clear and understandable data is aiding effective decision making in many areas. There are robust arrangements for data security with independent validation checks. Performance management is at the heart of the Council's business and it uses data to deliver services more effectively.
- 30** The Council promotes and demonstrates the principles and values of good governance. There are strong relationships between officers and Members with a culture of transparency across the Council. The Leader and Chief Executive have set out a clear vision of governance based on thorough consultation with the community and partners. Development of staff is important and the Council has committed to investing in the development of a skilled and knowledgeable workforce. An established ethical framework is supported by open communication of decisions including those made formally by Members. Engagement with the public has been enhanced by the availability of live broadcasts of formal Member meetings on the internet by the use of webcams fitted in Council meeting rooms. Governance arrangements are clear for significant partnerships.
- 31** The Council manages its risks and maintains a sound system of internal control. The risk management arrangements are integrated in corporate and service-level business planning processes and include partnership risks. The Council reacts quickly to emergencies and has robust preventative schemes. Fraudulent activity is proactively monitored and investigated with results widely published. There is a very strong Governance and Audit Committee that challenges officers to maintain the excellent internal control environment.

Managing resources

- 32** The Council is making effective use the natural resources it uses. It has a clear understanding of its environment which is set out in its Environment Policy which is understood at all levels throughout the Council. Targets have been set for carbon reduction and it is actively managing their achievement through means such as energy conservation projects, internal recycling schemes, office reconfiguration and an eco-schools award scheme. Reports to the Environment Board, Chief Officers Group and Cabinet are regularly produced and there is clear monitoring of progress. The Council has a strong culture to reduce its impact on the environment which is supported by an evidence-led approach to sustainability that includes identifying the potential for cost savings.
- 33** The Council is managing its asset base effectively to help deliver its strategic priorities and service needs. It has a strategic approach set out for making effective use of and maintaining all its assets. The Property Enterprise Fund has been successful in disposing non-operational property to finance acquisitions in line with the Council's regeneration agenda. Value for money has been achieved through the Better Work Places Programme, a flagship highways depot which has reduced the number of buildings used by Kent Highways Services and the Gateway initiative through a rationalisation of assets between public sector bodies across Kent leading to benefits such as ease of access for the public and ongoing revenue savings such as from property costs for the councils involved. The Council has developed good relationships with its partners and the voluntary sector and has launched a number of successful flexible working schemes which have benefits for the staff and public.

VFM Conclusion

- 34** I issued an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources. My assessment is made against criteria specified by the Audit Commission. From 2008/09, the Audit Commission will specify each year, which of the use of resources KLOEs are the relevant criteria for the VFM conclusion at each type of audited body.
- 35** As part of the 2008/09 audit plan I have undertaken specific reviews of some of the Council's activities which are set out below.

Commercial operations

- 36** There has been considerable interest in Kent County Council's commercial operations over a period of years and more recently this has culminated in a press campaign about the way the Council competes against the private sector following representations from a range of Kent-based businesses. We have received correspondence from a number of people who believe that the Council's commercial operations are successful because they receive direct financial support and/or subsidy from the Council. Particular public attention has been focussed on the activities of one of the Council's subsidiaries which is successfully providing temporary staff and winning passenger transport contracts to both the public and private sectors. Other activities, which are solely offered to the public sector including grounds maintenance and landscaping, have been subject to similar public interest.
- 37** Our audit approach was set out in a document presented to Members and officers of the Council in December 2008 and centres around the completeness and reasonableness of the recharges made by the Council to its commercial operations financial support. We have reviewed the legal background to the operation of the Council's commercial activities. We also met with a small number of private sector business representatives who had contacted the Audit Commission with specific concerns about the Council's commercial operations. We have also considered a number of other aspects of the Council's arrangements including the following.
- The structure of Commercial Services and the Council's subsidiary companies.
 - How Commercial Services was originally financed when set up in the 1960's.
 - How the subsidiary companies are financed.
 - The basis on which Commercial Services and the Council's subsidiary companies occupy its premises at Kings Hill.
 - How the Council and Commercial Services ensure that contract tendering rules are adhered to strictly in situations where Commercial Services is tendering to the Council.
 - How Commercial Services prices its tenders to the public and private sector.
 - The process by which Kent Top Temps Limited established itself as a master vendor for the Council in respect of supply of temporary staff.
- 38** Our conclusions were as follows.
- The Council's commercial operations are structured in accordance with statute. Commercial Services and the Council's subsidiaries understand the limits to their powers and act within them.
 - The Council has a robust methodology for allocating its costs incurred on behalf of its commercial undertakings to the business units operated by Commercial Services directorate and the Council's own subsidiaries.
 - We identified no evidence of any financial support or cross-subsidisation of the commercial operations by the Council that gives any competitive advantage.

- The commercial operations are driven by a need to supply goods and services at competitive prices to both the public and private sectors and to both reduce the Council's costs and make surpluses and profits for the Council.
- The Council should evaluate opportunities to address the concerns expressed by some parts of the public about access to information in respect of its commercial operations, subject to the Council's consideration of maintaining appropriate commercial confidentiality. The outcomes of this evaluation should be formally reported to Members.

39 A small number of recommendations were made and an action plan was agreed with officers. The main recommendations related to the following.

- The Council should seek to maximise disclosure of information on its commercial undertakings, subject to exercising proper commercial sensitivities, including expanding the disclosure of its commercial activities in its own annual financial statements.
- Statutory accounts for the Council's subsidiary companies should be prepared in long-form to demonstrate openness in its activities.

Health inequalities

40 The South East England Health Strategy identifies the main priorities and actions needed to improve the health of people living in the South East. The first priority focuses on reducing health inequalities and raising the life expectancy of the most socially disadvantaged people. Health inequalities exist in all parts of Kent. Some groups of the population suffer from significantly greater ill-health (morbidity) and earlier death (mortality) than the average and other groups of the population. The expression - health inequalities - although describing the health of the individual, relates also to a range of circumstances that lead to differing levels of health. It can be caused by the interrelationship of a number of factors such as worklessness, low educational achievement, poor housing, bad diets, and living in a high crime area.

41 Tackling health inequalities absorbs huge amounts of public money in both local government and health sectors and securing optimum value for money requires effective partnership working. The need to tackle health inequalities is recognised in the Kent Local Area Agreement 2. Many people in Kent are healthier than other parts of the country. They are living longer and this is improving across the county. This is because deaths from cancer and heart disease, and strokes and infant deaths, are all significantly lower than the England average and are continuing to reduce. However, there are big differences between and within areas in Kent itself. For example, many men in Thanet die on average four years earlier than men in Sevenoaks. Within Thanet, many men in the poorest areas die ten years earlier on average than those in the most well off areas of Thanet. There are plans in place within the health service and with partners to reduce the differences in life expectancy and underlying causes within Kent. However, the quality of health services across Kent is variable and services are not improving fast enough. The majority of services are 'fair' and need to work harder to meet both basic and national standards.

Value for money and use of resources

- 42** Across Kent, there is much activity by partners working together and locally through 12 health and well-being boards (HWBBs) and health action teams (HATs). We reviewed the activity of the HWBBs and HATs to consider how effective are local partners in identifying local targets on health inequalities and delivering effective outcomes?
- 43** The capacity and capability of local HWBBs is mixed. For example Sevenoaks, Swale and Shepway demonstrate good local leadership and a good understanding of the needs of their communities. In Thanet and Dover capacity is being and Tonbridge and Malling are enthusiastic about tackling health inequalities as a partnership but unclear about the resources available to do so. A number of the HWBBs are going to revisit their terms of reference to ensure they are both current and sufficient to deal with their responsibilities.
- 44** Most of the HWBBs are at an early stage of improvement planning and there are variable standards to securing continuous improvement planning. For example, Maidstone has a good knowledge of their area to inform their work plan. Sevenoaks and Tunbridge Wells concluded that more needs to be done to lobby at the regional and national level to change perceptions of the districts. Dover, Swale and Thanet all concluded that further work was needed on how to broaden residents' perceptions about the issue of reducing health inequalities and what success might look like. Many of the HWBBs did not recognise their role in helping to deliver Local Area Agreement (LAA) 2 targets as part of the local health inequalities agenda and some had yet to agree ways of working or firm plans to deliver continuous improvement. Communities are not yet receiving all the benefits these groups could deliver.

Partnership working

- 45** Partnership issues were commented on in the Council's Corporate Assessment report in June 2008. In an otherwise excellent assessment, the Audit Commission reflected on the need for the Council to consider its impact on voluntary and community organisations (VCOs). The report concluded in this regard that the Council's capacity to deliver its ambitions would be stronger if it adopted a more inclusive, listening approach, particularly with such partners.
- 46** The need to engage with all partners to deliver area-wide outcomes is particularly important with VCOs. Volunteering is likely to be an increasing form of service delivery, and as the number of older people available to volunteer increases, the Council needs to be seen as a facilitator of services as well as a deliverer of them. So a view of the Council as a highly supportive and enabling partner will be essential to make the most productive use of resources not directly employed by the Council, available to the area.
- 47** We surveyed the views of a selection of VCOs identified by the Council; worked with the Care Quality Commission in its inspection of Kent's adult social services in March 2009 where a range of VCOs were asked about partner working with the Council; and considered the findings from the Comprehensive Area Assessment of Kent which had a focus on older people.

48 We concluded that the Council is well regarded as a partner by the VCOs. Its strengths are seen as giving strong and inspirational leadership to partners and valuing their differing objectives and approaches. VCOs also said that the Council makes it clear that voluntary and independent organisations need themselves to be inspirational, thereby enabling strong voluntary organisations. They also judged that the Council has good systems for monitoring and working successfully on needs such as housing for vulnerable people. Moreover, VCOs recognise that the Council supports groups on making difficult decisions on patient care and boosts their capacity through training. Areas for consideration from the VCOs' perspective is that the Council could be more open to comments about improving its approach to the VCOs and that the Council needs to make sure that it supports partners where possible with resources. We recognise these are sample views of the Council and we are not seeking to draw any definitive conclusions based on such comments. However, as the Council has plans to assess partnership working more widely we would encourage the Council to consider the feedback as part its work.

Adults with learning disabilities

- 49** On 1 April 2009, responsibility for learning disability social care funding and commissioning transferred from the NHS to local authorities. The proposal is part of the wider transformation of adult social care set out in Putting People First that seeks to bring clear benefits to people with a learning disability. Local authorities are best placed to deliver quality, targeted services, which place the individual at the heart of service provision, based on their experience and their lead responsibility for community services. The change will enable primary care trusts (PCTs) to focus on their responsibility of commissioning care to meet the health needs of adults with a learning disability which includes specialist services such as community nurses, psychiatrists and speech and language therapists.
- 50** For the final two years of the Government's Spending Review period, 2009/10 and 2010/11, the transfer of specialist social care funding for adults with learning disabilities is being undertaken locally by agreement between PCTs and local authorities. From April 2011 the intention is that allocations of social care funding will be made directly from the Department of Health to local authorities and that the Department will consult on the determination of allocations before implementation.
- 51** The Council has worked closely with East and West Kent PCTs to ensure a properly controlled transfer of responsibilities whilst always maintaining a focus on those with learning disabilities. We have attended regular joint meetings of the Council and PCTs that have addressed the issues of strategic finance. The Council and PCTs have recognised the risks in the change of responsibility and all parties have acted in an open and professional manner at all times and have balanced appropriately the potential impact of uncertainties over funding streams going forward with the need to get the best outcomes for adults with learning disabilities. We continue to attend meetings between the Council and the PCTs in 2009/10 to monitor the further development of the arrangements.

Closing remarks

- 52** I have discussed and agreed this letter with the Chief Executive and the Director of Finance. I will present this letter at the Governance and Audit Committee on 1 December 2009 and will request the Council to provide a copy to all Members.
- 53** Further detailed findings, conclusions and recommendations in the areas covered by our audit are included in the reports issued to the Council during the year. Table 2 sets out those issued.

Table 2 Audit reports issued

Report	Date issued
Annual governance report (opinion and value for money conclusion)	June 2009 and updated September 2009
Commercial operations	August 2009
Final accounts report (draft)	November 2009
Health inequalities	November 2009

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- 54** The Council has taken a positive and constructive approach to our audit. I wish to thank the Council's staff for their support and co-operation during the audit.

Darren Wells
District Auditor
November 2009

Appendix 1 – Audit fees 2008/09

Table 3 Audit fees 2008/09

Audit area	Proposed and Actual
Financial statements (including Kent Superannuation Fund) and annual governance statement	£303,450
Value for money	£106,170
Total audit fees	£409,620

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