



# The Annual Audit Letter for Erewash Borough Council

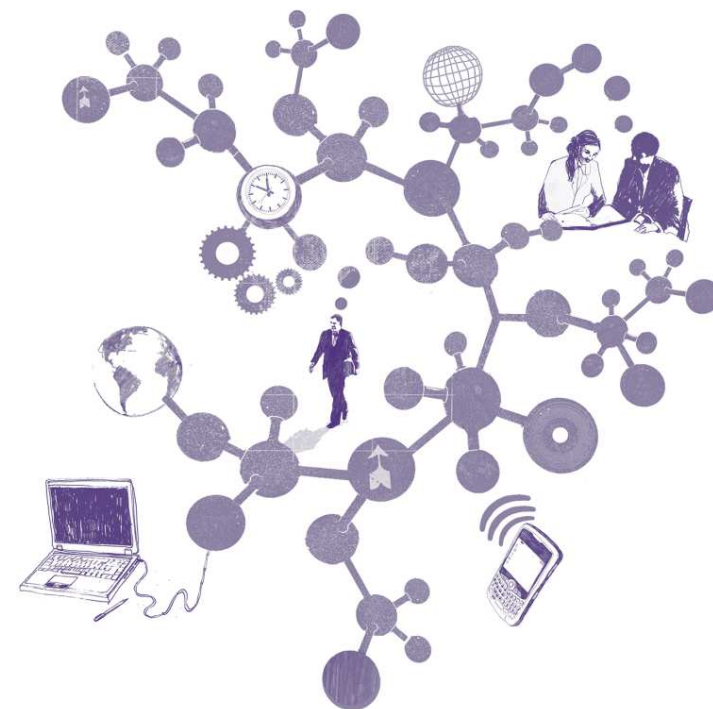
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**Year ended 31 March 2015**

October 2015

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# Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Erewash Borough Council ('the Council') for the year ended 31 March 2015.

The Letter is intended to communicate key messages to the Council and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued in June 2015 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission and Public Sector Audit Appointments Limited.

<b>Financial statements audit (including audit opinion)</b>	<p>We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 29 September 2015 to the Audit Committee. The key messages reported were:</p> <ul style="list-style-type: none"><li>• the Council's arrangements to prepare the financial statements ensured the draft accounts and supporting working papers were of a good quality</li><li>• there was one adjustment affecting the Council's reported financial position which increased the net expenditure for the year by £112k to £9,703k. This change relates to a reduction in the right to buy receipts received by the Council and resulted from updated information being received from a third party after the accounts had been compiled. We also identified a small number of disclosure errors, and requested some adjustments to improve the presentation of the financial statements.</li></ul> <p>We issued an unqualified opinion on the Council's 2014/15 financial statements on 29 September 2015, meeting the deadline set by the Department for Communities and Local Government. Our opinion confirms that the financial statements give a true and fair view of the Council's financial position and of the income and expenditure recorded by the Council.</p>
<b>Value for Money (VfM) conclusion</b>	<p>We issued an unqualified VfM conclusion for 2014/15 on 29 September 2015.</p> <p>On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.</p>

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## Key messages continued

<b>Certification of housing benefit grant claim</b>	Our work on certification of grant claims is on-going. Our work to date has not identified any issues which we wish to highlight. The indicative fee for this work remains £18,500 and will be confirmed alongside the detailed findings of our work in our Grant Certification report, due for presentation to the Audit Committee upon completion of our work.
<b>Audit fee</b>	Our fee for 2014/15 was £75,570, excluding VAT, which was in line with our planned fee for the year. Further detail is included within appendix B.

# Appendix A: Key issues and recommendations

This appendix summarises the recommendations identified during the 2014/15 audit, which have already been agreed by officers.

No.	Recommendation	Priority	Management response/ responsible office/ due date
1.	<p>Responsibility for administering the Oracle E-Business Suite system should be transferred to officers who have no responsibility for performing financial reporting processes or controls.</p> <p>Should this not be possible, enhanced audit logging and review procedures should be introduced to ensure that the actions of the three system administrators are appropriate.</p>	Medium	<p>The transfer of the system administrator responsibilities to staff who don't have financial reporting responsibilities would not be practicable from an operational basis. We will therefore look into the implications of introducing enhanced audit logging and a review of procedures.</p> <p>Responsible officer: Head of Finance Due date: October 2015</p>
2.	<p>A review should be undertaken to identify all responsibilities in use that could be exploited using the processes tab functionality. These can be identified by reviewing responsibilities for menus that include the string %AZN% .</p> <p>Exclusions should then be used to ensure that no responsibilities in use have access to these menus.</p>	Medium	<p>A review will be undertaken to identify all the responsibilities that are allowing users access to functions through the processes tab. Menus available to users will be removed where appropriate.</p> <p>Responsible officer: Head of Finance Due date: October 2015</p>
3.	<p>The use of default responsibilities should be ceased and those responsibilities that are based on them should be reviewed to ensure that functionality is appropriately segregated.</p> <p>Where users require the functionality that is provided by these responsibilities, new responsibilities should be built from the ground up to ensure that they do not permit excessive access rights.</p>	Medium	<p>The council will undertake to review the use of default responsibilities and build from the ground up new responsibilities where appropriate. Due to staff numbers and the ability to provide cover it will not be possible in all instances to have segregation of duties.</p> <p>Responsible officer: Head of Finance Due date: March 2016</p>

# Appendix B: Reports issued and fees

We confirm below the fees charged for the audit and non-audit services.

## Fees for audit services

	Per Audit plan £	Actual fees £
Council audit	75,570	75,570
Housing benefit grant certification fee	18,500	18,500
<b>Total audit fees</b>	<b>94,070</b>	<b>94,070</b>

## Fees for other services

Service	Fees £
<b>Non-audit related services</b>	9,465
• VAT Advice	

## Reports issued

Report	Month issued
Audit Plan	June 2015
Audit Findings Report	September 2015
Annual Audit Letter	October 2015
Certification Report	December 2015 (planned)



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