



The Annual Audit Letter for Barrow Borough Council

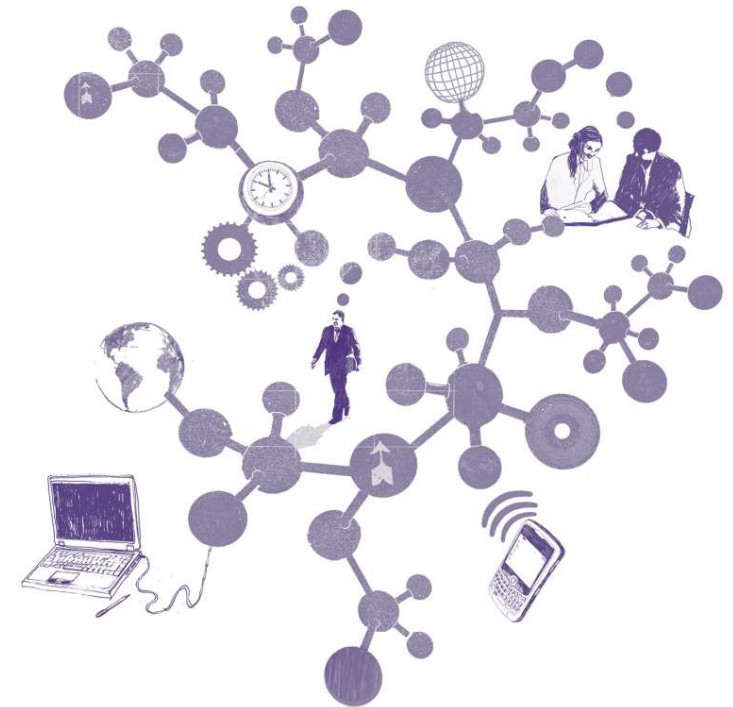
Year ended 31 March 2015

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 Barrow 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 which we presented to the Audit Committee on 5 March 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.

Financial statements audit (including audit opinion)	<p>We reported the findings arising from our audit of the financial statements in our Audit Findings Report which we presented to the Audit Committee on 24 September 2015. The key message reported was that:</p> <ul style="list-style-type: none">• management continue to produce high quality financial statements which are free from material error and are supported by well-prepared working papers. <p>We issued an unqualified opinion on the Council's 2014/15 financial statements on 25 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>
Value for Money (VfM) conclusion	<p>We issued an unqualified VfM conclusion for 2014/15 on 25 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>

Key messages continued

Certification of housing benefit grant claim	We are currently undertaking our work on the certification of the Council's Housing Benefits claim. The national deadline for conclusion of this work is 30 November 2015. We will report a summary of our findings in our certification report later this year.
Audit fee	Our fee for the annual audit of the financial statements for 2014/15 was £68,159, excluding VAT which was in line with our planned fee for the year. We have also been appointed to undertake work on certification and claims which we bill for separately. Further details are set out within appendix B.

Appendix A: Key issues and recommendations

This appendix summarises the significant recommendations identified during the 2014/15 audit.

No.	Issue and recommendation	Priority	Management response/ responsible office/ due date
1.	<p><u>Configuration of Main Accounting IT system</u> a) Recommendation: Ensure that staff are only allocated access to the Oracle system which is commensurate with their responsibilities</p>	Medium	<p>A procedure and control sheet has been introduced whereby additional responsibility requests are logged. In emergency situations (usually on advice from the Managed Support provider) this will be authorised retrospectively. Additional responsibilities given will be monitored on a quarterly basis.</p> <p>Responsible officer: Financial Services Manager Due date: Implemented</p>
	<p>b) Recommendation: Establish audit logging within the Oracle system so that management can detect instances where users may have made inappropriate use of their access to the system.</p>	Medium	<p>Advice has been sought from the Managed Service provider regarding the effect on system performance from enabling audit-logging. Key areas will be identified and audit-logging implemented accordingly.</p> <p>Responsible officer: Financial Services Manager Due date: November 2015</p>
2.	<p><u>Value for Money – Internal Reporting</u> Recommendation: Expand budget monitoring reports to the Executive Committee so that they provide details of the progress made towards achieving the savings agreed as part of the forthcoming budget strategy.</p>	Medium	<p>Once the Budget Strategy is established a separate section within the quarterly finances report will be established to report the achievement of savings and reductions.</p> <p>Responsible officer: Director of Resources Due date: July 2016</p>
3.	<p><u>Value for Money – Sickness Absence</u> Recommendation: Produce a comprehensive action plan to address the Council's deteriorating sickness absence and ensure progress against that action plan is appropriately monitored</p>	Medium	<p>The absence management policy and procedure is currently under review by an external consultant with the expectation that the policy changes will come through the consultation and committee during 2015-2016. These will then be rolled out with training for all managers and supervisors early in 2016.</p> <p>Responsible officer: HR Manager 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	67,259	68,159
Housing benefit grant certification fee	22,300	18,310
Total audit fees	89,559	86,469

There was an error in our original audit plan concerning the audit fees. The actual fees stated above corrects that error.

Reports issued

Report	Date issued
Audit Plan	20/02/2015
Audit Findings Report	14/09/2015
Certification Report	To be confirmed (expected December 2015)
Annual Audit Letter	12/10/2015

Fees for other services

Service	Fees £
Audit related services	
• Certification of Housing Capital Receipts Return	2,500



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