

# The Annual Audit Letter for East Staffordshire Borough Council

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**Year ended 31 March 2015**

October 2015

**Mark Stocks**

Director

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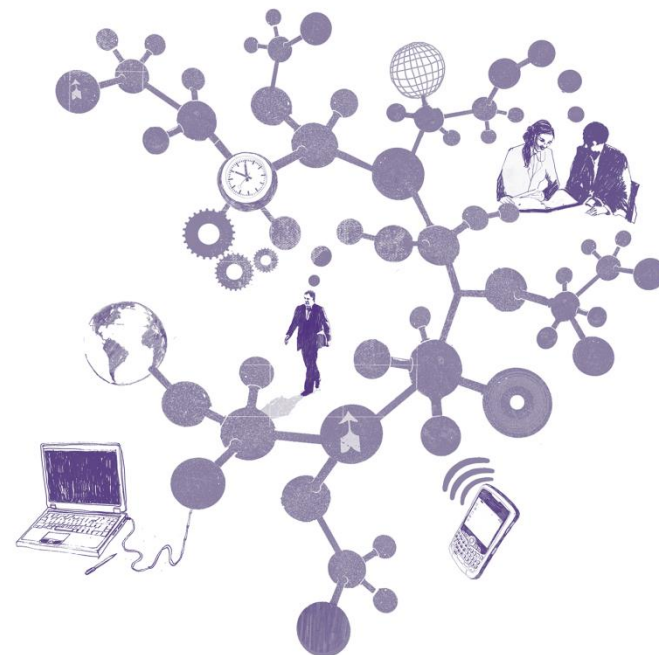
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# Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at East Staffordshire 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 April 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)**

We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 28<sup>th</sup> July 2015 to the Audit Committee. The key messages reported were:

- We received draft financial statements and accompanying working papers at the start of our audit, in accordance with the agreed timetable. It is worth noting that this is two weeks in advance of previous year.
- We have identified a number of minor adjustments to improve the presentation of the financial statements
- During the audit process the Council settled its claim in respect of the works at Evershed Way. This resulted in an increase in the CIES income of £0.8m and increase in the capital receipts reserve of £0.8m (through the Movement on Reserves Statement)

We issued an unqualified opinion on the Council's 2014/15 financial statements on 24<sup>th</sup> 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.

# Key messages

## Value for Money (VfM) conclusion

We issued an unqualified VfM conclusion for 2014/15 on 24<sup>th</sup> September 2015. The key messages reported were:

- Portfolio expenditure in 2014/15 was £0.4million lower than the budget and this is due to volatility on income and other one-off windfall items. The Council has recognised this, with many of the savings arising during the course of the year already incorporated into the Medium Term Financial Strategy for 2015/16.
- All Councils continues to face challenges around their medium term financial resilience. East Staffordshire has responded effectively through the development and agreement of its updated Medium Term Financial Strategy in February 2015. The plan now extends to 2019/20 and has identified savings plans for 2015/16 and for 2016/17.
- The Council is planning to maintain its level of general reserves at the risk assessed level of £1.278m. There is a planned use, for one off purposes, of earmarked and ring fenced reserves and this would reduce them from £9.4m in 2014/15 to £2.9m in 2019/20.
- Members have shown clear leadership and identification of priorities through the process of preparing and approving the updated Medium Term Financial Strategy in February 2015.
- The Council has 121 corporate targets to help it measure its performance against the corporate plan. It achieved 95.8% of these in 2014/15. These and comparison with national VfM profiles show there is no evidence that the Council's on-going implementation of savings has had an adverse impact on service delivery.

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.

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## Key messages continued

<b>Certification of housing benefit grant claim</b>	We will certify the Council's 2014/15 housing benefit grant claim by 30 November as required by the Department for Work & Pensions. We will report our findings in our Grant Claim Letter.
<b>Audit fee</b>	Our fee for 2014/15 was £65,135, excluding VAT which was in line with our planned fee for the year. Further detail is included within appendix B.

# Appendix A: Reports issued and fees

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

## Fees

	Per Audit plan £	Actual fees £
Council audit	65,135	65,135
Grant certification on behalf of Audit Commission	18,270	18,270 <sup>1</sup>
<b>Total audit fees</b>	<b>83,406</b>	<b>83,406</b>

1. The grant certification fee is indicative and may vary dependent upon the final levels of audit required. We are still completing our grant certification work and will report upon the fee once it is completed.

## Fees for other services

Service	Fees £
<b>Non audit related services</b>	
Place analytics	7,500

## Reports issued

Report	Date issued
Audit Plan	April 15
Audit Findings Report	July 2015
Annual Audit Letter	October 15

# Appendix B: How we have worked with you during the year

## Senior officer team

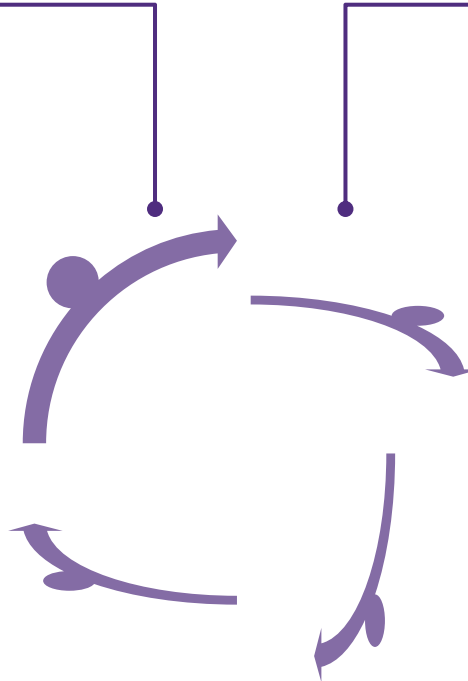
### We:

- met regularly with the Chief Executive, Head Service and Monitoring Officer to discuss some of your major projects and to share our insight into national Local Government issues.
- shared our annual reports on Local Government Governance and Financial Resilience.
- shared our understanding of some of the key issues facing Local Government through our thought leadership reports covering Alternative Delivery Models, Financial Sustainability in Local Government and Devolution.
- worked with the finance department to bring forward the accounts production and audit processes.
- shared technical knowledge, provided early warning on key risks and provided an opportunity to network with other Local Government bodies at our workshops covering taxation issues, building a successful local authority trading company, Local Government financial self sufficiency and 20:20 vision.

## Audit committee Members

### We:

- met regularly with the Audit Committee to ensure you were kept up to date with the audit progress, as well as emerging issues affecting the wider Local Government Sector.
- invested in regular dialogue with the audit committee to ensure there were no surprises and to maintain a robust and independent stance.
- provided independent external audit commentary and insight on the Council's issues through senior attendance at every audit committee.
- provided regular, timely and transparent reports from our work and briefing notes on key sector developments.
- provided training to the Committee on the role of external audit.





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