Rotherham Metropolitan Borough Council

Public Report
Council Meeting

Summary Sheet

Council Report
Audit Committee

Title
Annual Audit Letter – 2015/16

Is this a Key Decision and has it been included on the Forward Plan?
This is not a key Decision on the basis that no approval is being sought to vary the Council's budget nor has any impact on local communities living.

Strategic Director Approving Submission of the Report
Judith Badger – Strategic Director for Finance & Customer Services

Report Author(s)
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Ward(s) Affected
All

Executive Summary

KPMG have now concluded their 2015/16 audit and issued their audit certificate on 21 October 2016. The audit certificate and notice of conclusion of audit have been published on the Council's website.

Following the conclusion of the audit, KPMG have issued their Annual Audit Letter (AAL). The purpose of the AAL is to communicate to the Council and key external stakeholders, including members of the public, the key issues arising from auditors' work, which auditors consider should be brought to the attention of the Council. The AAL covers the work carried out by auditors since the previous AAL was issued.

The 2015/16 AAL provides KPMG's conclusions on their audit objectives:

- Value For Money Conclusion
- Audit of Financial Statements
- Any Other Matters the external auditor is required to communicate.

KPMG's AAL is attached as an Appendix to this report.

Recommendation

Audit Committee is asked to consider the Annual Audit Letter 2015/16 presented to the Council by its external auditors, KPMG LLP, and approve its publication on the Council's website.

List of Appendices Included
KPMG's Annual Audit Letter – 2015/16

Background Papers
None

Consideration by any other Council Committee, Scrutiny or Advisory Panel
No

Council Approval Required
No

Exempt from the Press and Public
No

Annual Audit Letter – 2015/16

1. Recommendation

Audit Committee is asked to consider the Annual Audit Letter 2015/16 presented to the Council by its external auditors, KPMG LLP, and approve its publication on the Council's website.

2. Background

2.1 The purpose of the Annual Audit Letter (AAL) is to communicate to the Council and key external stakeholders, including members of the public, in a clear and concise manner, the key issues arising from the audit which the external auditor considers should be brought to the attention of the Council.

3. Key Issues

3.1 The Annual Audit Letter 2015/16 attached as Appendix 1 summarises the external audit work carried out in relation to the 2015/16 audit plan and highlights the findings in relation to the following:

- Value For Money Conclusion
- Audit of Financial Statements
- Any Other Matters the external auditor is required to communicate.

3.2 These findings have previously been reported to Audit Committee in more detail during the course of the year including, in particular, the ISA 260 Report presented to Audit Committee on 21 September 2016 immediately prior to the 2015/16 Statement of Accounts being approved.

3.3 The main headlines from the AAL in relation to the accounts and other audit responsibilities are that:

- As last year, the external auditor has issued a **qualified Value For Money (VFM) conclusion**. KPMG have acknowledged that a significant amount of progress has been achieved during 2015/16 in line with the Corporate Improvement Plan. However, because further work remains to be done to deliver the Plan in full and for the improvements to become fully embedded, it has been necessary to issue an adverse opinion for 2015/16

- The Council's financial statements were produced to a good standard with only minor presentational changes being made. **The financial statements were given an unqualified audit opinion on 26 September**. The Narrative Report published alongside the financial statements was consistent with KPMG's understanding
- The Annual Governance Statement approved at September's Audit Committee, is consistent with KPMG's understanding and compliant

with the CIPFA/SOLACE framework on good governance in local government;

- The Council's consolidation pack prepared to support the production of Whole of Government Accounts by HM Treasury was consistent with the audited financial statements; and,

- There are no high priority recommendations or other matters that need to be brought to the attention of Audit Committee

4. Options considered and recommended proposal

4.1 There are no options to be considered as part of this report.

5. Consultation

5.1 The Annual Audit Letter has been shared with Commissioners, the Leader of the Council and the Council's Senior Leadership Team.

6. Timetable and Accountability for Implementing this Decision

6.1 No decision requiring implementation is required as part of this report.

7. Financial and Procurement Implications

7.1 The external audit fee for 2015/16 of £140,828 is in line with the planned audit fee.

7.2 The final fee for the certification of the Council's housing benefit claim and other returns / claims KPMG have been engaged to certify has still to be confirmed as work is still on-going. The expected fees for this work are £21,277

8. Legal Implications

8.1 The Council has complied with all statutory requirements in relation to the issues covered by the AAL. Following consideration of the AAL the Council will publish the AAL on the Council website. There are no further legal implications arising from the report.

9. Human Resources Implications

9.1 There are no Human Resource implications arising from the report.

10. Implications for Children and Young People and Vulnerable Adults

10.1 There are no implications arising from the proposals to Children and Young People and Vulnerable Adults.

11. Equalities and Human Rights Implications

11.1 There are no implications arising from this report to Equalities and Human Rights.

12. Implications for Partners and Other Directorates

12.1 There are no implications arising from this report to Partners or other directorates.

13. Risks and Mitigation

13.1 Good progress is being made in delivering the improvements in corporate governance set out in the Corporate Improvement Plan. KPMG will undertake an early assessment as part of their 2016/17 audit of whether the progress that continues to be made will be sufficient to enable them to consider issuing an unqualified VFM conclusion in 2016/17.

14. Accountable Officer(s)

Judith Badger - Strategic Director of Finance & Customer Services

Approvals Obtained from:-

Assistant Director of Financial Services - Stuart Booth