

## **Summary Sheet**

### **Council Report**

Audit Committee

### **Title**

External Audit 2016/17 – Interim Audit Report

### **Is this a Key Decision and has it been included on the Forward Plan?**

No.

### **Strategic Director Approving Submission of the Report**

Judith Badger – Strategic Director of Finance and Customer Services

### **Report Author(s)**

Graham Saxton – Assistant Director, Financial Services

Finance & Customer Services Directorate

01709 822034 [graham.saxton@rotherham.gov.uk](mailto:graham.saxton@rotherham.gov.uk)

### **Ward(s) Affected**

All

## **Executive Summary**

The Council's external auditor, KPMG, has a duty to:

- Give an opinion on the Council's financial statements, and
- Conclude on whether the Council has arrangements in place to secure value for money in the use of its resources

The External Audit Plan attached as Appendix 1 sets out the audit approach KPMG are planning to take to discharge these duties.

## **Recommendation**

**That Audit Committee approves KPMG's Interim Audit Report.**

## **List of Appendices Included**

Appendix 1 – Interim Audit Report 2016/17

**Background Papers**

Code of Audit Practice 2015

Audit Fee letter 2016/17

Public Sector Audit Appointments work programme and scale of fees 2016/17

**Consideration by any other Council Committee, Scrutiny or Advisory Panel**

No

**Council Approval Required**

No

**Exempt from the Press and Public**

No

## **External Audit – Interim Audit 2016/17**

### **1. Recommendation**

**That Audit Committee approves KPMG's Interim Audit Report.**

### **2. Background**

2.1 The National Audit Office's Code of Audit Practice 2015 (the Code) sets out the external auditor's statutory responsibilities in relation to local public bodies. These are to:

(i) Give an opinion on whether the Statement of Accounts gives a true and fair view of the Council's financial position and financial performance for the year being reported on and whether it has been prepared in accordance with proper practice, and

(ii) Conclude on whether the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources (known as the Value for Money conclusion).

2.2 The Code requires that external auditors' work should be risk-based and proportionate to meeting their statutory responsibilities and tailored to the local circumstances of the Council and the risks this gives rise to. The Interim Audit Plan attached as Appendix 1 sets out the approach to the audit of the financial statements and Value for Money conclusion and the risks that have been identified.

### **3. Key Issues**

#### **3.1 Audit of the Financial Statements and Value for Money Conclusion**

3.1.1 KPMG's External Audit Plan presented to Audit Committee on 19<sup>th</sup> April 2017 set out the stages of the financial statements audit process.

3.1.2 The Interim Audit Plan appended to this report summarises key findings arising from interim audit work in relation to the Council's 2016/17 financial statements and work done up to June 2017 to support the Value for Money (VfM) conclusion.

3.1.3 KPMG will report the outcomes from their audit of the financial statements and their Value for Money conclusion, in a report to Audit Committee in September (ISA 260 report).

### **4. Options considered and recommended proposal**

4.1 Having an audit under the Code is a statutory requirement. As such there is no discretion on whether or not to comply.

## **5. Consultation**

- 5.1 Close liaison continues to be maintained with the Council's External Auditors to ensure that there is a clear understanding of the risks identified in the External Audit Plan and supporting information KPMG will require in order to evidence that they have been addressed satisfactorily.

## **6. Timetable and Accountability for Implementing this Decision**

- 6.1 The ISA 260 report has been scheduled for September to enable the Council to meet the statutory deadline for publishing its audited financial statements for 2016/17 by 30 September 2017.

## **7. Financial and Procurement Implications**

- 7.1 There are no financial or procurement implications directly associated with the Interim Audit Report, other than the impact on the audit fee of having good quality working papers to meet KPMG's quality standards.

## **8. Legal Implications**

- 8.1 None, other than to note that the External Audit Plan has been prepared to meet external auditors' statutory responsibilities under the Local Audit and Accountability Act 2014 and Code of Audit Practice 2015

## **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 Partners, stakeholders, the media and general public may take an interest in the Value For Money Conclusion as an independent assessment of the progress that the Council has made over the course of 2016/17 against its improvement plan.

### **13. Risks and Mitigation**

- 13.1 Steps have been taken to ensure that appropriate and sufficient evidence is provided for the significant risks and areas of audit focus identified in the External Audit Plan.

### **14. Accountable Officer(s)**

Judith Badger (Strategic Director of Finance and Customer Services)

Approvals Obtained from:-

Assistant Director, Financial Services – Graham Saxton

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