

Summary Sheet

Council Report

Audit Committee

Title

External Audit ISA 260 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 & Customer Services

Report Author(s)

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Ward(s) Affected

All

Executive Summary

The ISA 260 report sets out KPMG's overall conclusions from their 2017/18 audit in relation to their two statutory objectives:

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

This represents the final stage of the audit process in which Members are asked to consider KPMG's findings before formally approving the 2017/18 Statement of Accounts and the 2017/18 Narrative Report for publication as final and to issue KPMG with the Letter of Management Representations which KPMG require to complete their audit.

Members will be aware of the shortened timescale introduced for 2017/18 audits onwards which requires the production and audit of the financial statements to be concluded by 31st July rather than the previous statutory date of 30th September.

At the time of writing this report, the Draft ISA 260 report for 2017/18 is not available to include on the agenda by the agenda publication deadline of 20th July, but will be provided to Audit Committee members as soon as it becomes available.

Recommendations

The Audit Committee is asked to:

- i. Consider KPMG's overall audit findings from their 2017/18 audit as set out in the ISA 260 report ;**
- ii. Having taken due regard of these findings, formally approve the 2017/18 Statement of Accounts for publication as final and the 2017/18 Narrative Report for publication as final; and**
- iii. Approve that KPMG be issued with the Letter of Management Representation**

List of Appendices Included

Appendix 1 - KPMG ISA 260 report (when available)

Appendix 2 - 2017/18 Statement of Accounts to be published as final (when available)

Appendix 3 – 2017/18 Narrative Report to be published as final

Appendix 4 – Letter of Management Representation

Background Papers

Accounts and Audit Regulations 2015

CIPFA Code of Practice on Local Authority Accounting 2017/18

Interim Audit Letter 2017/18

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

External Audit ISA 260 report

1. Recommendations

The Audit Committee is asked to:

- i. Consider KPMG's overall audit findings from their 2017/18 audit as set out in the ISA 260 report ;**
- ii. Having taken due regard of these findings, formally approve the 2017/18 Statement of Accounts for publication as final and the 2017/18 Narrative Report for publication as final; and**
- iii. Approve that KPMG be issued with the Letter of Management Representation**

2. Background

- 2.1** At the Audit Committee meeting on 8 February 2018 members received KPMG's Audit Plan for 2017/18 which set out the audit approach KPMG planned to take to discharge their audit objectives and the risks they had identified in relation thereto, and, then at the Audit Committee meeting on 19 June 2018 members were presented with an interim Audit report from KPMG on the interim position setting out progress following the planning and controls evaluation stages of their audit.
- 2.2** The ISA 260 report, summarises KPMG's overall conclusions from their 2017/18 audit in relation to their two statutory objectives:
 - To give an opinion on the Council's financial statements, and
 - To conclude on whether the Council has arrangements in place to secure value for money in the use of its resources (Value for Money Conclusion)
- 2.3** In order to complete the audit process in compliance with the Accounts and Audit Regulations 2015, the Audit Committee, as the body charged with governance within the Council, is required to formally resolve that the Statement of Accounts and Narrative Report be approved for publication. Approval can now take place, as the period for local electors to exercise their rights to ask questions of the auditor or to raise a formal objection that an item of account is unlawful has expired.
- 2.4** KPMG also requires as part of their audit completion processes, that they are provided with a Letter of Management Representations providing additional assurance on certain matters. The Letter of Management Representations has been signed by the Strategic Director of Finance and Customer Services: It now also needs to be agreed and signed on behalf of Audit Committee.

3. Key Issues

3.1 Statement of Accounts

- 3.1.1 The unaudited 2017/18 Statement of Accounts was published on the Council's website on 31 May 2018 alongside the draft Annual Governance Statement and draft Narrative Report.
- 3.1.2 A report was brought before this Committee on 19 June 2018 to highlight key aspects of the 2017/18 Statement of Accounts and changes to local authority financial reporting.
- 3.1.3 The ISA 260 report will provide KPMG's opinion on the financial statements for 2017/18 and will outline any issues that KPMG have found with regards to areas of significant audit risk, their opinion as to whether reasonable professional judgement has been exercised, and provide any recommendations for further improvements in the production of the accounts.

3.2 Value for Money (VFM) Conclusion

- 3.2.1 Section 2 of the ISA 260 report sets out the approach, risks, work and conclusion reached by KPMG on whether the Council has satisfactory arrangements in place to secure the economy, efficiency and effectiveness in the use of its resources.

4. Options considered and recommended proposal

- 4.1 There is no discretion on whether to comply with the Code or the Accounts and Audit Regulations. The purpose of the recommendations is for Audit Committee to meet its responsibilities in relation to the closure of the accounts.

5. Consultation

- 5.1 Close liaison continues to be maintained with the Council's External Auditors to ensure that complex accounting issues and action taken in response to changes to the local authority accounting framework are agreed in advance of the financial statements being prepared.

6. Timetable and Accountability for Implementing this Decision

- 6.1 The statutory deadline for publishing the audited financial statements is 31st July. .

7. Financial and Procurement Implications

- 7.1 There are no financial or procurement implications directly associated with this report, other than continuing to produce good quality financial statements

and supporting working papers which meet KPMG's expectations and will help to minimise the audit fee.

8. Legal Implications

- 8.1 None, other than ensuring compliance with the requirements of the Accounts and Audit Regulations 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 There are no other implications arising from this report to Partners or other directorates.

13. Risks and Mitigation

- 13.1 Robust project management arrangements have been put in place to ensure that the financial reporting timetable is adhered to and quality standards met.

14. Accountable Officer(s)

Judith Badger – Strategic Director of Finance & Customer Services

Appendix 1 - KPMG ISA 260 report (when available)

Appendix 2 - 2017/18 Statement of Accounts to be published as final (when available)