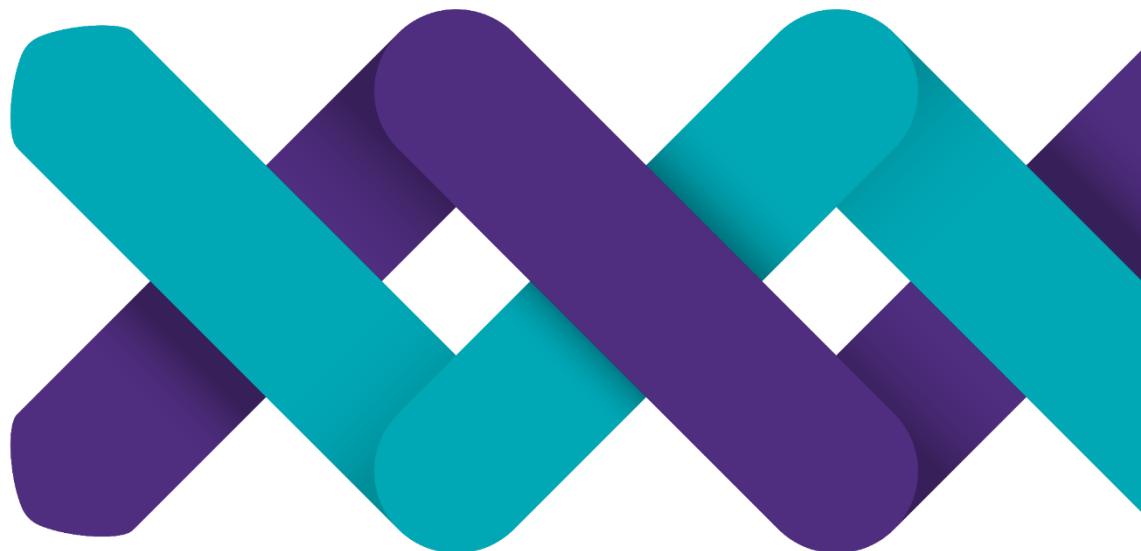


Audit Progress Report

**Rotherham Metropolitan Borough Council
Year ending 31 March 2019**

24 September 2018



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Introduction



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We are delighted to be appointed as your external auditor and look forward to working with you to ensure you get maximum value from our audit work. We will be pragmatic and actively engage with you throughout the year in an open and transparent manner, ensuring you benefit from our wider insights and observations at all times.

Gareth Mills will be the Engagement Lead for the audit. Gareth is based in our Leeds office and has extensive experience working with Local Government and NHS bodies across the North of England for over 15 years. His responsibilities on this audit will include liaising with the Audit Committee, overseeing the work of the audit team and delivery of our audit opinion.

Thilina De Zoysa will be the Engagement Manager. Thilina is also based in our Leeds office and has worked extensively in public sector audit over the past 15 years. Thilina will manage the delivery of our audit fieldwork, complete our value for money conclusion work and assist Gareth in reporting our findings to the Audit Committee.

This paper provides the Audit Committee with an introduction to Grant Thornton, our audit approach and a report on our progress in delivering our responsibilities as your external auditor.

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications. Click on the Grant Thornton logo to be directed to the website www.grant-thornton.co.uk.

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either Gareth or Thilina.

About Grant Thornton



Grant Thornton
An instinct for growth™

Grant Thornton International Ltd

- One of the world's leading organisations of independent assurance, tax and advisory firms
- Combined turnover of \$4.6 billion
- Over 42,000 people based in over 130 countries.



Grant Thornton UK LLP

- UK member firm of Grant Thornton International Ltd
- Turnover of £534 million
- More than 180 partners, with 4,500 people
- Operates from 26 offices.



What we do

Audit and Assurance

- Audit
- Corporate governance
- Accounting support
- Technical accounting
- Royalty audits
- Cost and Contracts Assurance
- Healthcare Assurance
- Outsourced compliance services

Corporate Finance Services

- Strategic options reviews
- Taxation advice
- Acquisitions advice
- Disposals advice
- Advice on management buyouts, mergers and strategic alliances
- Advice on fund raising
- Capital markets

Recovery and Reorganisation Services

- Control assessment and implementation
- Credit advisory services
- Financial and operational turnarounds
- Liquidity management
- Performance improvement solutions
- Operational assessments
- Runoff
- Supply chain risk management
- Tax recovery
- Tax restructuring

Forensic and Investigation Services

- Expert witness
- Fraud solutions
- Forensic technology solutions
- Insurance claims solutions
- Internet intelligence tools
- Business Risk Services

Taxation

- Corporate tax
- International tax
- Expatriate tax
- IP and WHT planning
- Incentive arrangements
- Employee share schemes
- VAT and PAYE solutions
- Transfer pricing
- Outsourced compliance services

Transaction Advisory Services

- Due diligence
- Pensions and benefits
- Valuations
- Management assessment
- Operations and post deal services

Government Infrastructure Advisory

- Funding advice
- Financial modelling
- Economic advisory services
- Business growth advice
- Service delivery consultancy
- Procurement support
- General financial advisory services for the public sector

Business Risk Services

- Internal audit
- Corporate governance
- Business process Improvement
- Organisational change management
- Technology risk management

Our work in the Public Sector



We are the only leading firm to have grown both our NHS and Local Government audit portfolios over the last two years. This achievement makes us the clear market leader in Local Public Audit.

We are the external auditors to:

- Approximately 40% of the Local Government sector.
- Over 30% of the NHS sector.

We have a dedicated Public Sector Assurance team, including:

- Over 300 Local Government and NHS audit specialists.
- Over 30 Accredited Public Sector Engagement Leads, more than any other firm.
- We are the largest single CIPFA employer in the country.

Locally we have been appointed as the auditors to a number of bodies in Yorkshire, including Barnsley MBC, Doncaster MBC, South Yorkshire Police, Leeds City Council, West Yorkshire Police, Kirklees MBC, Ryedale District Council, and North York Moors National Park Authority.

Our audit approach at a glance

Smooth transition

- We have extensive experience of transitioning into new clients and will do this at minimum disruption to you.
- We will quickly look to build up good working relationships with your team.

Audit planning

- We will meet with key management to identify financial statement and value for money risks.
- We will provide a prepared by client listing and agree a timetable for the audit.

Audit Plan

- Confirms financial statement and value for money risk areas.
- Sets out our audit scope and our responses to assessed risks.
- Formal communication with the Finance, Risk and Audit Committee.

Interim audit

- We will review key systems and controls.
- We will carry out early work on areas of audit risk.
- We will liaise with Internal Audit, review outputs and assess impact on our work.

Final accounts audit – June to July 2019

- Focused on risk areas.
- IDEA interrogation software utilised to provide efficiency and insight.
- Audit issues and potential adjustments, discussed and cleared with you as they arise.

Audit clearance meeting – July 2019

- Discuss audit issues with management.
- Agree treatment of any unadjusted differences.
- Practical recommendations on systems and controls.

Audit Findings (ISA260) Report – July 2019

- Sets out key audit and accounting issues and how these have been resolved.
- Provides comments on systems and controls, and review of accounting policies; conclusions and judgements.
- Includes value for money conclusion.

Completion – July 2019

- Finalise audit by 31 July 2019 deadline.
- Obtain Letter of Representation from management.
- Issue opinion covering financial statements and our value for money conclusion.

Feedback from you – Summer 2019

- Debrief meeting with senior finance staff.
- Action Plan to address findings.
- On-line satisfaction survey and/or independent client service review.

Progress as at 24 September 2018

Financial Statements Audit

Gareth Mills held an introductory meeting with Sharon Kemp and Judith Badger on 23 July 2018. This was a useful session to get to know key management and the issues facing Council.

Gareth and Thilina held a series of introductory meetings on 18 September with Judith, key members of the finance team and the Head of Internal Audit, David Webster. The day helped to further our understanding of the Council and inform our audit planning on your key issues.

We issued our Audit Fee Letter to management, outlining our planned audit fee for 2018-19, in April 2018.

The Fee Letter is included in on the agenda for the Audit Committee on 2 October 2018.

In August 2018 we commenced handover procedures from the predecessor auditor, KPMG. During w/c 8 October, we anticipate reviewing their 2017-18 audit file and meeting with members of the prior year audit team to gain an understanding of the key issues and risks that impacted both the financial statements and value for money audits.

We will commence our audit planning in the Autumn and will present our Audit Plan to the Audit Committee in the New Year.

Our interim audit is expected to take place in February and March 2019 and our final accounts audit will take place in June and July 2019. Actual timings will be confirmed with the finance team in due course.

Our findings from the year-end audit will be reported to you in the Audit Findings ISA260 Report by 31 July 2019.

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties.

We will make our initial risk assessment to determine our approach and report this to you in our Audit Plan in the New Year.

We will report our work in the Audit Findings Report and give our Value For Money Conclusion by the deadline in July 2019.

Other matters

Meetings

We have agreed quarterly liaison meeting dates during 2018-19 with the Chief Executive and the Strategic Director - Finance & Customer Services.

We will continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Events

We provide a range of workshops, along with network events. We will be inviting key finance staff to our annual accounts workshop which is expected to take place early in the New Year.

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

Audit Deliverables

2018-19 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2018-19.	April 2018	Complete
Accounts Audit Plan We are required to issue a detailed accounts Audit Plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2018-19 financial statements.	29 January 2019 (tbc)	Not yet due
Interim Audit Findings We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	26 March 2019 (tbc)	Not yet due
Audit Findings (ISA260) Report The Audit Findings Report will be reported to the July Audit Committee.	July 2019	Not yet due
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2019	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2019	Not yet due
Annual Certification Letter This letter reports any matters arising from our certification work.	December 2019	Not yet due

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