

ROTHERHAM METROPOLITAN BOROUGH COUNCIL
REPORT TO AUDIT COMMITTEE MEMBERS

1. Meeting:	Audit Committee
2. Date:	14th March 2012
3. Title:	External Audit Plan 2011/12
4. Directorate:	Resources

5. Summary

The Council's external auditor, KPMG LLP, has set out in its External Audit Plan for 2011/12 (Appendix 1) the proposed external audit work relating to council services and functions to be undertaken.

6. Recommendations

Audit Committee approves KPMG's External Audit Plan 2011/12, noting the proposed areas for audit identified.

7. Proposals and Details

The KPMG External Audit Plan sets out the proposed audit work to be undertaken in relation to the 2011/12 financial year. The Plan has been drawn up using a risk-based approach to audit planning and reflects the work that will be required to enable KPMG to review and report on the Council's:

- **Financial Statements (including the Annual Governance Statement):** providing an opinion on our 2011/12 Accounts; and
- **Use of Resources:** concluding on the arrangements in place for securing economy, efficiency and effectiveness in the use of resources (the Value for Money Conclusion).

Section 2 (Page 3 of KPMG's Plan) sets out the specific risks that KPMG will focus on during the audit which will contribute to formulation of their opinion on our Accounts and VFM Conclusion. The 4 areas to be reviewed are:

- The Council's ability to deliver its financial saving proposals and sustain its sound financial performance and position;
- How the Council has responded to the ongoing Accounting Code changes when preparing and reporting its Financial Statements;
- The operational and financial implications of bringing to an early completion the successful RBT strategic partnering agreement; and
- The future arrangements for Digital Region Limited.

Further details on these proposed review areas are set out in Section 4 (Pages 9-10 of KPMG's Plan) and Section 5 (Page 15) respectively.

Section 3 (Page 4 of KPMG's Plan) summarises the key stages and timetable for completing the work on the Council's financial statements (including Whole of Government Accounts) and concluding their reporting arrangements.

Section 5 (Pages 11-14 of KPMG's Plan) summarises their proposed approach to concluding whether the Council's arrangements for the use of its finite resources are securing VFM.

Section 6 (Pages 16-19 of KPMG's Plan) sets out the key audit contacts for the local team, the audit deliverables and their timelines to be reported to Audit Committee and the proposed audit fee for the work set out in the Plan.

8. Finance

The 2011/12 indicative fee for the audit work is £285,660 (2010/11 £323,681). This is in line with the Council's financial planning projections.

9. Risks and Uncertainties

The Audit Plan and proposed fee is based a number of assumptions set out on Page 19 of the Plan. Changes to the Plan and the fee may be necessary if new significant audit risks emerge.

Continuing to meet the audit plan expectations and attaining a very positive Annual Audit Report for 2011/12 is essential if the Council is to sustain its excellent reputation for good Financial Management, Governance and Reporting that KPMG have highlighted over previous years. This is particularly significant and important in the current difficult economic and financial conditions facing local councils.

10. Policy and Performance Agenda Implications

None

11. Background Papers and Consultation

Audit Commission – Work Programme and fee scales 2011/12
KPMG – External Audit Plan 2011/12

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