

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Audit Committee
2.	Date:	25 th April 2012
3.	Title:	KPMG Interim External Audit Report
4.	Directorate:	Financial Services

5. Summary

This report refers to the outcomes from KPMG's 2011/12 interim external audit work. The scope of KPMG's work included:

- A review of the Council's general Control Environment, including its ICT systems;
- Testing certain key controls over the Council's key financial systems;
- An assessment of the Council's Internal Audit function;
- A review of the progress made in addressing changes in the 2011/12 Code of Practice for Local Authority Accounting;
- An assessment of the Council's financial resilience; and
- Identifying other audit issues to be considered during the audit.

The outcome of KPMG's interim audit report is a **very positive one.**

KPMG's overall assessment is that the Councils organisational controls are effective and that the Authority is always proactive in the management of any accounting or financial issues. It has good controls at an organisational level, across its IT control environment and key financial systems; and its Internal Audit function is compliant with the Code of Practice for internal audit in local government.

Only a small number of minor recommendations for improvement (to meet best practice standards) regarding improving ICT access and password security control have been made. Members should note that management have already flagged up these matters for review as part of the ongoing enhancement of the Council's financial systems.

6. Recommendation

Audit Committee is asked to note the findings and recommendations presented in KPMG's interim external audit report

7. Proposals and Details

Attached at **Appendix A** is KPMG's interim external audit report for the financial year 2011/12. Overall, the report is **very positive** and demonstrates the Council's continued commitment to ensuring that it has in place a strong and robust control environment for doing and managing its business in a proper and appropriate way that meets professional standards.

In addition, KPMG have also continued to review the Council's approach to **implementing changes to the Accounting Code for local authorities** and assessing how **financially resilient** the Council is to meet the financial challenges facing local government over the next few years. **Once again, a positive conclusion has been reached in both areas.**

KPMG will finalise their work on the Council's 2011/12 Accounts when they undertake the audit of the Council's 2011/12 Financial Statements. This work is expected to be concluded in September with an Unqualified Audit Opinion.

KPMG will continue to monitor the financial resilience of the Council in achieving its significant financial savings proposals in order to achieve its Medium Term Financial Strategy that supports the Council's Corporate Plan priorities.

The report identifies how each of the minor recommendations for improvement will be concluded over the next period.

The Audit Committee is asked to note the findings and recommendations presented in KPMG's interim external audit report.

8. Finance

There are no financial implications arising from this report.

9. Risks and Uncertainties

Failure to maintain robust control over the Council's Control Environment and its fundamental financial systems increases the risk of errors and potential loss and will adversely affect the Council's reputation.

10. Policy and Performance Agenda Implications

Maintenance of sound internal controls contributes to good governance.

11. Background Papers and Consultation

KPMG Interim External Audit Report – Appendix A

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