

## ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	<b>Meeting:</b>	<b>Audit Committee</b>
2.	<b>Date:</b>	<b>26 September 2012</b>
3.	<b>Title:</b>	<b>Statement of Accounts 2011/12</b>
4.	<b>Directorate:</b>	<b>Resources</b>

### 5. Summary

To advise Members of the matters arising from the external audit of the Council's 2011/12 Statement of Accounts as presented in the external auditor's ISA260 report and in acknowledging these findings request that the Audit Committee approve both the Letter of Management Representations and the audited Statement of Accounts 2011/12.

### 6. Recommendations

1. That the Audit Committee accepts the External Auditor's ISA260 report to those charged with governance attached at Appendix 1.
2. That the Audit Committee approves the Statement of Accounts 2011/12 attached at Appendix 2.
3. That the Audit Committee approves the Letter of Management Representations attached at Appendix 3.

## 7. Proposals and Details

The unaudited Statement of Accounts were authorised for issue by the Strategic Director of Resources, as Responsible Financial Officer (S151 Officer), and published on the Council's website on 29 June 2012. These Accounts were presented to Audit Committee for information on the 18 July 2012.

The unaudited Statement of Accounts has now been subject to audit, and any necessary changes discussed and agreed between the S151 Officer and the Auditor. The Statement of Accounts, in its revised form, now requires approval by Members prior to publication before the end of September 2012.

The Auditor's ISA 260 report (attached at Appendix 1 to this report) sets out in detail the outcomes from the audit including any changes made to the unaudited Statement of Accounts 2011/12.

**Overall, the report is an extremely positive one.** As noted on page 3 of the report, a very small number of minor presentational changes were identified all of which have been corrected in the final version of the Statement of Accounts presented to Audit Committee for approval at Appendix 2.

**None of the presentational changes made affect the financial performance or financial position of the Council reported in the unaudited Statement of Accounts.**

In addition, the report confirms on page 9 that:

- **no significant internal control weaknesses were found in the Council's financial systems and procedures** (this reaffirms the conclusion reported in the KPMG's Interim Audit Report presented to Audit Committee on 25 April 2012 that there are good controls over key financial systems);
- **there are no other matters which need to be reported to Audit Committee;** and
- the audit process was fully supported through **good quality working papers and timely provision of responses to audit queries** (see page 8 of the report).

As a result of these positive assurances, KPMG anticipate being able to give an **unqualified opinion by 30 September** that the Council's Statement of Accounts provides a true and fair view of its financial position and income and expenditure for the year ended 31 March 2012 (see page 3 of the report).

These findings demonstrate that the Council has been able to sustain in 2011/12 the high standard of financial reporting that was achieved last year in this the second year in which the Statement of Accounts have been prepared under International Financial Reporting Standards (IFRS).

Achieving these excellent outcomes for the Council is testament to the continuing professionalism of all staff engaged in the accounts production process both within Financial Services and other Directorates.

It also reflects the benefit of officers taking a proactive role in identifying potential risks so that a dialogue can take place with the External Auditors at an early stage to discuss and seek agreement on significant / complex accounting issues affecting this year's accounts (see page 7 of the report)

In order for KPMG, LLP to complete their audit and satisfy International Auditing Standards, the Council is required to provide them with a written Letter of Management Representation from those charged with governance. Appropriate enquiries have already been made with officers of the Council to confirm the representations made. Appendix 3 attached to this report is the Letter of Management Representations in the format prescribed by KPMG, LLP to be approved by the Audit Committee.

## **8. Finance**

The Statement of Accounts 2011/12 presents a true and fair view of the Council's financial position and its income and expenditure for the year ended 31 March 2012. In responding to audit matters raised by KPMG, LLP **no changes have been made that affect the overall financial position of the Council** previously reported to Cabinet in July.

## **9. Risks and Uncertainties**

Any outstanding issues have been included in the ISA260 report.

## **10. Policy and Performance Agenda Implications**

These issues are disclosed in the Auditor's ISA260 report.

## **11. Background Papers and Consultation**

External Auditor's ISA260 Report 2011/12 (Appendix 1)  
Audited Statement of Accounts 2011/12 (Appendix 2)  
Letter of Management Representation (Appendix 3)  
Audit Committee – 18 July 2012

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