

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Audit Committee
2.	Date:	21st November, 2012
3.	Title:	External Auditor's Annual Audit Letter 2011/12
4.	Directorate:	Resources

5. Summary

The Annual Audit Letter (AAL) 2011/12 summarises the external audit work in relation to the 2011/12 audit plan and highlights the findings in relation to the following:

- Audit of accounts 2011/12
- Value For money Conclusion
- Other Reviews completed.

A copy of their AAL is attached to this report.

6. Recommendations

That the Audit Committee notes the very positive Annual Audit Letter (AAL) presented to the Council by its external auditors, KPMG LLP.

7. Proposals and Details

The purpose of the Annual Audit Letter (AAL) is to communicate to the Council and key external stakeholders, including members of the public, in a clear and concise manner, the key issues arising from the audit which the external auditor considers should be brought to the attention of the Council.

The Annual Audit Letter (AAL) 2011/12 attached as Appendix 1 is KPMG's summary of audit work for the 2011/12 year.

It briefly summarises of the results of the external auditor's work which have previously been reported to Audit Committee in more detail in the form of, for example:

- The Annual Governance Report presented to Audit Committee in September 2012 immediately prior to the 2011/12 Statement of Accounts being approved, and
- Interim Audit Report presented to Audit Committee in April 2012

The main headlines from the AAL are:

- The Council's financial statements were produced to a good standard without the need for audit adjustment and were given an unqualified audit opinion before the statutory deadline of 30 September. KPMG LLP complemented officers on the proactive approach taken in dealing with complex accounting issues and in providing working papers to the expected standard and timely responses to audit queries; and
- The Council has put in place proper arrangements for securing financial resilience and challenging how it secures economy, efficiency and effectiveness in the use of its finite resources.

The AAL also confirms that no high priority recommendations were made in relation to the 2011/12 audit and that there are no other matters that need to be brought to the attention of the Audit Committee.

This is a very positive audit assessment for the 2011/12 year. It also shows the Council's Financial Services function (part of the Council's Resources Directorate) to be in a strong position to proactively support the Council in meeting the significant financial challenges facing the local government sector.

8. Finance

There are no financial implications resulting from this report.

9. Risks and Uncertainties

Failure to continue to maintain robust financial management and internal control arrangements could lead to less positive conclusions being reached by KPMG LLP in its 2012/13 Annual Audit Letter.

KPMG LLP, in its 2012/13 audit plan have highlighted their intention to focus on continuing to assess the Council's financial resilience and how it is prioritising resources within tighter budgets.

10. Policy and Performance Agenda Implications

The Council's ability to deliver robust financial management and internal control arrangements will continue to be assessed as part of KPMG's 2012/13 external audit work.

11. Background Papers and Consultation

KPMG Annual Audit Letter 2011/12

Contact Name:

Colin Earl, Director of Audit & Asset Management, ext 22033,
colin.earl@rotherham.gov.uk,

Simon Tompkins, Finance Manager (Accountancy Services), ext 54513
simon.tompkins@rotherham.gov.uk