

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Audit Committee
2.	Date:	30 October 2013
3.	Title:	External Auditor's Annual Audit Letter 2012/13
4.	Directorate:	Resources

5. Summary

The Annual Audit Letter (AAL) 2012/13 summarises the external audit work in relation to the 2012/13 audit plan and highlights the findings in relation to the following:

- Audit of accounts 2012/13
- Value For money Conclusion 2012/13
- Any Other Matters the external auditor is required to communicate.

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) 2012/13 attached as Appendix 1 is KPMG's summary of audit work for the 2012/13 year.

It briefly summarises 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 ISA 260 Report presented to Audit Committee in September 2013 immediately prior to the 2012/13 Statement of Accounts being approved, and
- Interim Audit Report presented to Audit Committee in April 2013

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 strong financial reporting process 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 2012/13 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 2012/13 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 it faces.

8. Finance

As set out in Appendix 2 to the AAL, the audit fee for 2012/13 was in line with the planned fee.

9. Risks and Uncertainties

KPMG LLP, in its 2013/14 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.

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 2013/14 Annual Audit Letter. It could also lead to an increase in the level of risk relating to the audit resulting in the actual fee being higher than that planned of £186,300.

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 2013/14 external audit work.

11. Background Papers and Consultation

KPMG Annual Audit Letter 2012/13
Audit Committee – 25 September 2013

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