

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Audit Committee
2.	Date:	17 September 2014
3.	Title:	Statement of Accounts 2013/14
4.	Directorate:	Resources

5. Summary

To advise Members of the matters arising from the external audit of the Council's 2013/14 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 2013/14.

6. Recommendations

- 1. That the Audit Committee accepts the Auditor's ISA260 report to those charged with governance attached at Appendix 1.**
- 2. That the Audit Committee approves the Statement of Accounts 2013/14 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 Director of Financial Services, as Responsible Financial Officer (Section 151 officer), and published on the Council's website on 30 June 2014. The key disclosures contained in the unaudited Statement of Accounts were presented to Audit Committee on 23 July 2014.

The unaudited Statement of Accounts has now been subject to audit. The Auditor's ISA 260 report (attached at Appendix 1 to this report) sets out in detail the outcomes from the audit.

Overall, the ISA260 report is an extremely positive one. As noted on page 3 of the report, the accounts were of a high quality. Only a few minor presentational changes were identified all of which have been agreed with the external auditor and 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 to these minor presentational changes, a contingent liability has been added in Note 46 to disclose the fact that there is a possible, as yet unquantifiable potential liability, relating to child sexual exploitation claims.

The Statement of Accounts, in its revised form, now requires approval by Members prior to publication before the end of September 2014.

The ISA 260 report also confirms that:

- **controls over key financial systems are sound** (see page 8 of the report).
- the audit process was fully supported through **good quality working papers and timely responses to audit queries** (see page 7 of the report)
- **there are no other matters which need to be reported to Audit Committee** (see page 9 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 at 31 March 2014 and its income and expenditure for the year then ended (see page 3 of the report).

These findings demonstrate that the Council has been able to sustain in 2013/14 the high standard of financial reporting that has been achieved in recent years since International Financial Reporting Standards (IFRS) were adopted.

This has been supported by the developments that have and are continuing to take place to facilitate financial reporting, namely the introduction of a new general ledger structure during the course of the year and improvements to year end closure procedures.

It also reflects the benefit of officers working proactively with External Audit from an early stage in the audit to discuss and seek agreement on significant / complex accounting issues and areas of audit focus (see pages 5 and 6 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 2013/14 presents a true and fair view of the Council's financial position at 31 March 2014 and its income and expenditure for the year then ended. 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 in the unaudited Statement of Accounts and presented to Committee 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 2013/14 (Appendix 1)
Audited Statement of Accounts 2013/14 (Appendix 2)
Letter of Management Representation (Appendix 3)
Audit Committee – 23 July 2014

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