

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Audit Committee
2.	Date:	19 November 2014
3.	Title:	External Auditor's Interim Annual Audit Letter 2013/14
4.	Directorate:	Resources

5. Summary

The Annual Audit Letter (AAL) 2013/14 summarises the external audit work in relation to the 2013/14 audit plan and highlights the findings in relation to the following:

- Audit of accounts 2013/14
- Value For money Conclusion 2013/14
- Any Other Matters the external auditor is required to communicate.

A copy of their AAL is attached to this report.

It should be noted that the AAL is an interim only at this stage as KPMG have not yet issued their Value For Money Conclusion pending consideration of the scope and outcomes from the inspection work commissioned following the independent inquiry into child sexual exploitation.

6. Recommendations

That the Audit Committee notes the Interim Annual Audit Letter 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) 2013/14 attached as Appendix 1 is KPMG's summary of audit work for the 2013/14 year.

The AAL is interim only at this stage, as KPMG have not yet issued their Value For Money conclusion.

The Interim AAL briefly summarises the key messages of the external auditor's work which have previously been reported to Audit Committee in more detail during the course of the year. These more detailed reports are:

- The ISA 260 Report presented to Audit Committee on 17 September 2014 immediately prior to the 2013/14 Statement of Accounts being approved, and
- Interim Audit Letter presented to Audit Committee on 23 April 2014

The main headlines from the Interim AAL in relation to the accounts and other audit responsibilities are that:

- 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;
- The Annual Governance Statement as amended at September's Audit Committee, is compliant with the CIPFA/SOLACE framework for delivering good governance in local government, and
- There are no high priority recommendations or other matters that need to be brought to the attention of the Audit Committee

In relation to the Value for Money Conclusion, KPMG have still to reach a conclusion on whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in the use of its resources. KPMG are satisfied that the Council's medium term financial planning is sufficiently robust to enable it manage its financial risks and to continue to provide services effectively in the face of continuing funding reductions. However, they need to take into consideration the scope and outcomes from the inspection work commissioned following the publication of the independent inquiry into child sexual exploitation before coming to their view.

8. Finance

As set out in Appendix 2 to the AAL, the audit fee to date for 2013/14 of £186,300 is in line with the planned audit fee. However, this may increase, if KPMG determine that they need to undertake additional audit work to reach their Value For Money conclusion.

9. Risks and Uncertainties

The AAL is interim only at this stage as KPMG have not yet issued their Value For Money Conclusion pending consideration of the scope and outcomes from the inspection work commissioned following the independent inquiry into child sexual exploitation.

10. Policy and Performance Agenda Implications

The indicative fee for 2014/15 has been kept at £186,300 on the assumption that the general level of risk in relation to the audit remains unchanged. To justify this, the Council will need to continue to deliver robust financial management and internal control arrangements. These will be assessed as part of KPMG's 2014/15 external audit work.

11. Background Papers and Consultation

KPMG Interim Annual Audit Letter 2013/14
Audit Committee – 17 September 2014

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