

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Audit Committee
2.	Date:	11 March 2015
3.	Title:	External Auditor's Value For Money Conclusion 2013/14
4.	Directorate:	Resources and Transformation

5. Summary

The External Auditor's Interim Annual Audit Letter (AAL) 2013/14 presented to Audit Committee on 19 November 2014 informed Members that KPMG had not been able to issue 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.

KPMG have now had an opportunity to consider the OFSTED inspection into Children's Services in Rotherham and the recently published Corporate Governance Inspection.

The conclusion they have reached is that the Council has not made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014 and have therefore issued an adverse VFM Conclusion – see their report attached as Appendix 1.

KPMG have also clarified for the avoidance of doubt their audit responsibilities, particularly in relation to the VFM Conclusion. These are contained within Appendix 2.

6. Recommendations

That the Audit Committee notes the VFM Conclusion reached by KPMG in respect of 2013/14.

7. Proposals and Details

The Interim AAL presented to Audit Committee on 19 November 2014 briefly summarised the key messages from the External Auditor's work on the 2013/14 audit.

KPMG were 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 were unable to reach a conclusion on whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness pending the OFSTED and Corporate Governance inspections being published.

KPMG have now had an opportunity to consider the OFSTED inspection into Children's Services in Rotherham and Corporate Governance Inspection now that they have been published.

The conclusion they have reached is that the Council has not made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014 and have therefore issued an adverse VFM Conclusion – see their report attached as Appendix 1.

8. Finance

KPMG have not indicated that the adverse VFM Conclusion will impact on the audit fee for 2013/14.

9. Risks and Uncertainties

None for the 2013/14 financial year.

10. Policy and Performance Agenda Implications

It is anticipated that the outcome of the improvement work to be undertaken by the Council in response to the Corporate Governance inspection will enable KPMG to give positive VFM Conclusions in future years.

11. Background Papers and Consultation

KPMG VFM Conclusion 2013/14 – Appendix 1
External auditor's responsibilities – Appendix 2
KPMG Interim Annual Audit Letter 2013/14
Audit Committee – 19 November 2014

Contact Name:

*Stuart Booth, Interim Strategic Director of Resources and Transformation, ext 22034, Stuart.booth@rotherham.gov.uk, and
Simon Tompkins, Finance Manager (Accountancy Services), ext 54513, simon.tompkins@rotherham.gov.uk*