



Annual Audit Letter 2015/16

Rotherham Metropolitan Borough Council

31 October 2016



Contents

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Page

Report sections

— Headlines 3

Appendices

1. Summary of reports issued 5

2. Audit fees 6

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External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Tim Cutler, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (andrew.sayers@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

This Annual Audit Letter summarises the outcome from our audit work at Rotherham Metropolitan Borough Council in relation to the 2015/16 audit year.

Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.

VFM conclusion and risk areas

We issued a qualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2015/16 on 28 September 2016.

To arrive at our conclusion we looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.

We identified the following VFM risks in 2015/16

- Governance arrangements
- Financing CSE claims
- Reserves and financial position

We worked with officers throughout the year to discuss these VFM risks and our detailed findings were reported in section 4 of the External Audit Report 2015/16 (ISA 260) presented to the Audit Committee on 21 September 2016.

The 'Report of Inspection of Rotherham Metropolitan Borough Council' (the Inspection) was published in February 2015. The Authority developed and published a comprehensive Improvement Plan (A Fresh Start) which was agreed with Government in May 2015 for a two year period and addresses the findings of the Inspection. Since their appointment in late February 2015, during the course of 2015/16, Commissioners provided regular, quarterly updates to Secretaries of State on the improvements being delivered at the Council, including detailed six monthly progress reports in August 2015 and February 2016.

Overall, it is clear that significant progress has been made in relation to the Improvement Plan during 2015/16 and continues to be made. Not least, the Authority now has a substantive strategic leadership team to drive the ongoing implementation of the Improvement Plan, specifically now the Phase Two Action Plan, from May 2016. Given that this team has only taken office from early 2016, the impact of their work will only be felt substantively in 2016/17

Although significant progress has been made, as at February 2016, over half of the areas in the Improvement Plan were yet to be completed and there nevertheless remains a significant programme of improvement work to complete. This, in combination with the fact that the new substantive strategic leadership team were only appointed in the final quarter of the year under audit (2015/16), suggests that the team will require further time to fully implement and embed the improvements to governance.

We therefore concluded that the Authority has not made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Financial statements audit

We issued an unqualified opinion on the Authority's financial statements on 26 September 2016. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.

Through our audit, we agreed a small number of minor audit adjustments and presentational changes to the financial statements with Management and these were actioned in the final version of the financial statements. None of these adjustments were material.

There were no significant matters which we were required to report to 'those charged with governance'.

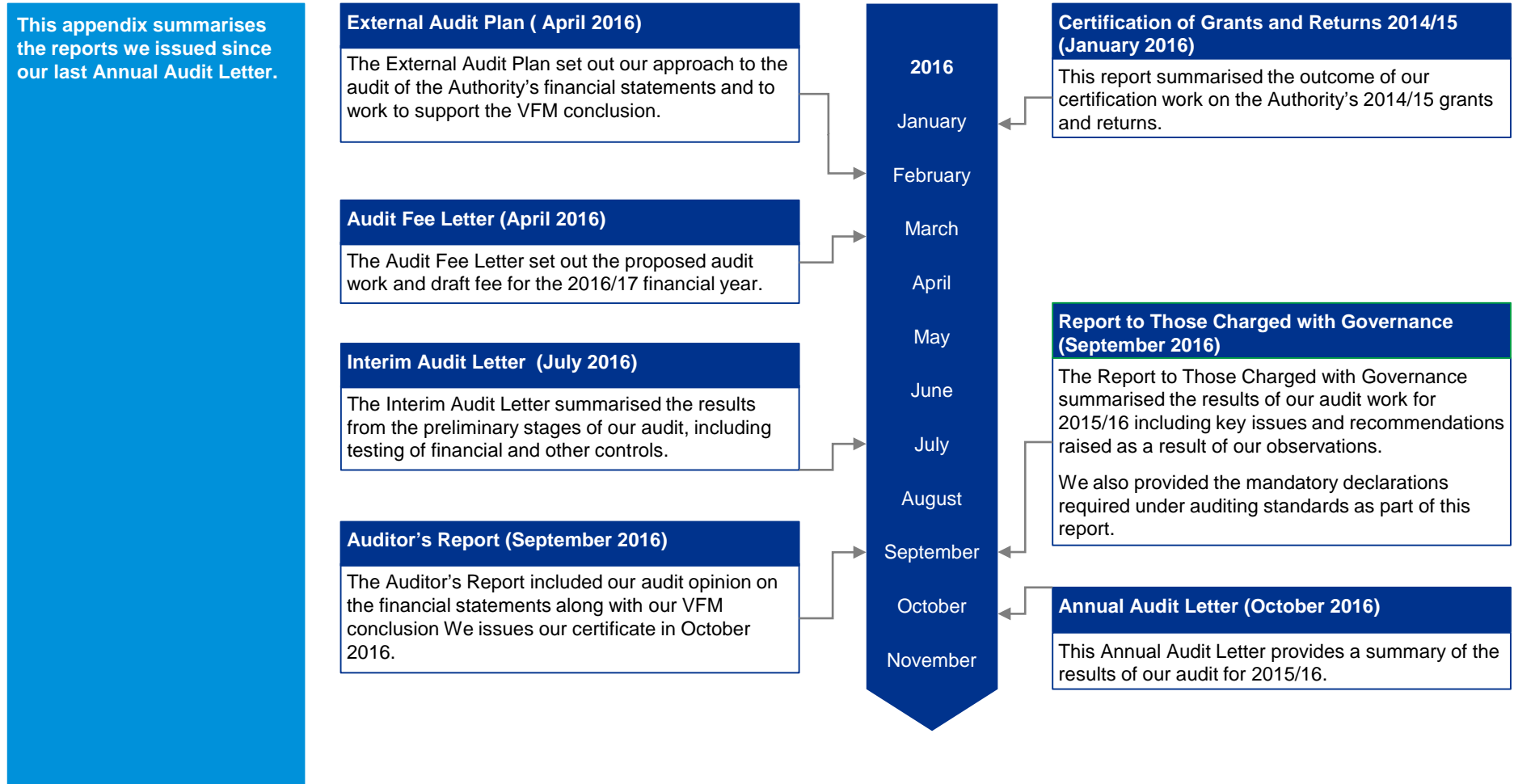
Section one

Headlines (cont)

We have issued our certificate to confirm the completion of our audit responsibilities for the 2015/16 audit year.

Other information accompanying the financial statements	Whilst not explicitly covered by our audit opinion, we review other information that accompanies the financial statements to consider its material consistency with the audited accounts. This year we reviewed the Annual Governance Statement and Narrative Report. We concluded that they were consistent with our understanding and did not identify any issues.
Whole of Government Accounts	We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements.
Certificate	We issued our certificate on 21 October 2016. The certificate confirms that we have concluded the audit for 2015/16 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.
Audit fee	Our fee for 2015/16 was £140,828, excluding VAT. Further detail is contained in Appendix 2.

Appendix 1: Summary of reports issued



Appendix 2: Audit fees

This appendix provides information on our final fees for the 2015/16 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2015/16 planned audit fee.

External audit

Our final fee for the 2015/16 audit of the Authority was £140,828 which is in line with the planned fee agreed at the start of the audit.

Certification of grants and returns

Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's housing benefit grant claim. This certification work is still ongoing. The final fee will be confirmed through our reporting on the outcome of that work in January 2017. The scale fee for this work is £15,497 plus VAT.

Other services

Fees for other grants and claims have not yet been finalised, however we expect this to be in line with the prior year. The final fee for this work in 2014/15 was £5.780 plus VAT.

These grants / returns are outside of the Public Sector Audit Appointment's certification regime.



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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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