

## **AUDIT COMMITTEE**


**Date:-** Tuesday, 26th March, 2019      **Venue:-** Town Hall,  
Moorgate Street,  
Rotherham. S60 2TH

**Time:-** 2.00 p.m.

## **AGENDA**

1. To determine whether the following items should be considered under the categories suggested in accordance with Part 1 of Schedule 12A (as amended 2006) of the Local Government Act 1972
2. To determine any item(s) which the Chairman is of the opinion should be considered later in the agenda as a matter of urgency
3. Apologies for Absence
4. Declarations of Interest
5. Questions from Members of the Public or the Press
6. Minutes of the previous meeting held on 29th January 2019 (herewith) (Pages 1 - 10)
7. External Audit Progress Report (Pages 11 - 18)
8. Internal Audit Strategic Plan 2019-20 to 2021-22 (Pages 19 - 41)
9. Audit Committee Forward Work Plan (Pages 42 - 50)
10. Items for Referral for Scrutiny
11. Exclusion of the Press and Public  
That under Section 100(A) 4 of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12(A) of such Act indicated, as now amended by the Local Government (Access to Information) (Variation) Order 2006 (information relates to finance and business affairs).

12. Internal Audit Progress report 1st January-28th February 2019 (Pages 51 - 75)
13. Children and Young People's Services (CYPS) Risk Register (herewith) (Pages 76 - 85)
14. Date and time of next meeting  
Tuesday, 18<sup>th</sup> June, 2019, at 2.00 p.m.



Chief Executive.

### **Membership 2018/19**

Chairman – Councillor Wyatt.  
Vice-Chairman – Councillor Walsh  
Councillors Cowles, Evans and Vjestica  
Bernard Coleman, Independent Person

**AUDIT COMMITTEE**  
**29th January, 2019**

Present:- Councillor Wyatt (in the Chair); Councillors Cowles, Vjestica, Walsh and Bernard Coleman (Independent Person).

Gareth Mills and Thilina De Zoysa (Grant Thornton) were also in attendance.

Apologies for absence were received from Councillor Evans and Councillor Alam (Cabinet Member for Corporate Services and Finance).

**60.       DECLARATIONS OF INTEREST**

There were no Declarations of Interest made at the meeting.

**61.       QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS**

There were no members of the press or public present at the meeting.

**62.       AUDIT COMMITTEE SELF-ASSESSMENT**

The Chairman reported, as in previous years, a self-assessment questionnaire would be sent to Committee Members and Grant Thornton, External Auditors, for completion.

**63.       MINUTES OF THE PREVIOUS MEETING HELD ON 27TH NOVEMBER, 2018**

Consideration was given to the minutes of the previous meeting of the Audit Committee held on 27<sup>th</sup> November, 2018.

Resolved:- That the minutes of the previous meeting of the Audit Committee be approved as a correct record of proceedings.

It was noted that Council had agreed the appointment of Bernard Coleman, Independent Member, for a 12 month period to allow a recruitment process to take place at its meeting on 23<sup>rd</sup> January, 2019.

**64.       LIQUID LOGIC AND THE REG 24 PATHWAY**

In accordance with Minute No. 57 (Internal Audit Progress Report), Rebecca Wall, Head of Safeguarding, Learning and Development, presented a report on the Reg 24 process and the current electronic case management system, Liquid Logic.

The current Liquid Logic system had been in place since October 2016. Since going live there had been a number of additional pieces of practice Children and Young People's Services had sought to embed into the base

model including the Reg 24 pathway in relation to relative and connected persons who were assessed as foster carers.

Following extensive work by the IT Systems team it had become apparent that there was a wider system issue. Following discussion with the Liquid Logic provider a wider system fix was required. Following the upgrade, part of the Reg 24 pathway, the kinship pathway and logging of all key decision making had been able to be used. The next step was to develop subsequent performance reporting.

A number of the forms developed still needed to be completed as word documents. Continued efforts had been made to pursue making the forms live in the system but, when tested, had created further errors in the pathway. As a result they had not gone live as yet and further discussions taking place with Liquid Logic to address the errors.

Training was planned for the workforce and would take place over the next 2 months.

Discussion ensued on the report with the following issues raised and clarified:-

- The CYPS Systems Group had the maintenance responsibility for the development work that had been carried out
- There were certain individuals within the IT Team who worked on Liquid Logic for both CYPS and Adults but no dedicated team
- An Independent Review Officer would carry out a quality and compliance check before every review to ensure all documentation had been completed. Dip samples and auditing were also carried out to check the quality of the assessment
- The functionality of Liquid Logic was there and fit for purpose. Each local authority made their own changes to personalise it to their own requirements
- There was a Liquid Logic User Group and links with other local authorities
- It was anticipated that a number of the outstanding actions would be cleared by the 29<sup>th</sup> March 2019 deadline

Resolved:- That the report be noted.

## **65. PROPOSED REVISIONS TO THE COUNCIL'S REGULATION OF INVESTIGATORY POWERS ACT POLICY**

Further to Minute No. 49, Dermot Pearson, Assistant Director Legal Services, presented a report on the implications of the Home Office's Revised Codes of Practice on covert surveillance and interference with property and on covert human intelligence sources.

The proposed revisions to the RIPA Policy was attached to the report (Appendix 1) and related to the following issues:-

- Policy amendments required to ensure that it referred to current legislation and Codes of Practice, up-to-date officer contact details and authorising officers and ensuring specific paragraph numbers matched those in the Revised Codes of Practice
- Section 6 of the Policy now included reference to the duties of the Senior Responsible Officer to report errors to the Investigatory Powers Commissioner as set out in the Investigatory Powers Act 2016
- Amendment of the guidance on the definition of Private Information for the purposes of RIPA at Section 2 of the Policy to include the current wording of the guidance in the Revised Code of Practice on Covert Surveillance and Property Interference
- New guidance on the use of social media for surveillance. The revised guidance from the Revised Code of Practice on Covert Surveillance and Property Interference was incorporated in Section 2(i) and the revised guidance from the Revised Code of Practice on Covert Human Intelligence Sources incorporated in Section 2(iii)

It was noted that training would be arranged for authorising officers and investigating officers on the revised RIPA Policy to ensure that they were properly equipped to comply with the Revised Codes of Practice and current legislation.

It was also noted that there was an error on Flowchart 4 which the Assistant Director undertook to correct.

Resolved:- (1) That the revisions required to the Council's RIPA Policy to ensure compliance with the Home Office's Revised Codes of Practice on covert surveillance and interference with property and on covert human intelligence sources, as set out at section 3 of the report, be noted.

(2) That the revised Regulation of Investigatory Powers Act Policy at Appendix 1 be approved.

(3) That it be noted that training on the use of RIPA powers was to be arranged for authorising officers and investigating officers.

## **66. EXTERNAL AUDIT ACCOUNTS AUDIT PLAN**

Consideration was given to a report, presented by Gareth Mills describing Grant Thornton's External Audit Plan in respect of the 2018/19 financial year.

The report stated that, as the Council's external auditor, Grant Thornton had a duty to:

- give an opinion on the Council's financial statements;
- conclude on whether the Council had arrangements in place to secure economy, efficiency and effectiveness in the Council's use of its resources.

The External Audit Plan document, included as an appendix to the submitted report, set out the audit approach that Grant Thornton were planning to take to discharge these duties.

The International Standards on Auditing provided guidance on the significant risk which should be considered by auditors. Grant Thornton had identified the following significant risks:-

Management override of controls  
Valuation of pension liabilities  
Valuation of land and buildings

The risk assessment regarding the Authority's arrangements to secure value for money had identified the following significant risks:-

Financial standing – delivery of 2018/19 budget, savings plan and Medium Term Financial Strategy  
Regulatory oversight of Children's Services

However, Grant Thornton did not consider fraudulent transactions to be a significant risk for the Council and, therefore, no specific work would be completed other than normal audit practices and procedures.

A brief description of each risk was provided in the Appendix.

Resolved:- (1) That the report be received and its contents noted.

(2) That Grant Thornton's External Audit Plan for the 2018/19 financial year, as now submitted, be approved and the proposed areas of audit identified be noted.

**67. FINAL ACCOUNTS CLOSEDOWN AND ACCOUNTING\POLICIES UPDATE**

Rob Mahon, Finance Manager (Financial Accounting), presented a report outlining the main changes to the local authority accounting framework in 2018/19 which included their effect on the Council's accounting policies and to the statutory framework for preparing and reporting local authority financial statements (the Accounts and Audit Regulations 2015).

The decision to bring forward the timetable for publishing the unaudited financial statements by one month and for the publishing of the audit financial statements by 2 months had represented a major challenge for all local authorities. Rotherham had successfully met the 2017/18

timeframes in closing its accounts. It had continued to review internal procedures from lessons learned in order to streamline processes and improve the quality of the closedown processes and procedures.

In accordance with the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015, notice of the inspection period would be advertised on the Council's website in advance of the unaudited financial statements being published. In order for the inspection period to commence, the Annual Governance Statement and narrative Report would also need to be published alongside the Council's unaudited financial statements on the Council's website. The timetable for preparing the Annual Governance Statement and Narrative Report was, therefore, being co-ordinated with the publication of the draft unaudited Statement of Accounts to meet this requirement.

Discussion ensued with regard to Academy conversions and issues experienced in the past with schools converting and leaving the Authority with substantial debts. Work did take place to reduce the levels of debt each school had before it transferred. Invoices could be levied against the school but it was difficult to enforce. The land and buildings remained with the Local Authority under a long term lease.

Resolved:- That the key accounting issues and main changes to the accounts in 2018/19, as set out in Appendix A of the report submitted, be noted.

**68. CERTIFICATION OF CLAIMS AND RETURNS - ANNUAL REPORT 2017-18**

Rob Mahon, Finance Manager (Financial Accounting), reported that, in agreement with the Council's external auditor for 2017/17 (KPMG), feedback was provided on the effectiveness of the Council's arrangements for preparing and submitting Government grant claims and returns.

The report submitted summarised KPMG's key findings from the certification work they had carried out in relation to the 2017/18 financial year.

KPMG were required to audit the Housing Benefit Subsidy claim for 2017/18. A small number of minor adjustments were made to the claim as a result of the certification work; there were no recommendations outstanding from the previous year's work and KPMG had made no recommendations following this year's certification work. The value of the certified claim was £82.27M for which KPMG had issued an unqualified certificate.

Resolved:- That the former external auditor's report be noted.

**69. INTERNAL AUDIT SELF-ASSESSMENT AGAINST THE PUBLIC SECTOR INTERNAL AUDIT STANDARDS**

Further to Minute No. 55 of 6<sup>th</sup> February, 2018, David Webster, Head of Internal Audit, presented the results of the internal self-assessment for 2018/19 to confirm compliance with the Public Sector Internal Audit Standards (PSIAS).

A further internal self-assessment had been carried out by one of the new recruits to the Internal Audit Team who was an experienced auditor. It had reaffirmed the conclusion of general conformance with the standards. Appendix A of the report submitted contained the results of the review against each individual standard.

The areas of partial conformance gave rise to actions which would form the Quality Assurance and Improvement Plan for the next year. Key actions included:-

- Fully refreshing the Internal Audit Manual to reflect new ways of working after the introduction of audit software
- Develop audit planning method and documentation
- Development of assurance mapping
- Develop the use of Computer Aided Audit Techniques

The Standards required that an external assessment be carried out every 5 years by a qualified independent assessor with the next assessment due in 2020-21. It was proposed that an external assessment be carried out next year after a period of stability and development.

Resolved:- (1) That the result of the self-assessment against the PSIAS be noted.

(2) That the progress made from the external assessment carried out in 2015/16 and the internal assessment in 2018 be noted.

(3) That an external peer review be conducted in 2019/20.

**70. INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME (QAIP)**

David Webster, Head of Internal Audit, submitted a report on the Internal Audit Quality Assurance and Improvement Programme (QAIP) which had been produced to address the areas where conformance was not achieved or further improvement could be made.

The current position against the 2018 Improvement Action Plan was set out in Appendix A of the report submitted. Many actions had been completed during the year; those that were not completed related to the Audit Manual, the use of Computer Aided Audit Techniques, assurance



mapping and the provision of an external assessment. None of the foregoing had affected the standard of work carried out by the Team.

An updated QAIP had been produced using the results of the 2019 self-assessment and the resultant actions (Appendix B of the report submitted). Suggestions had been made where appropriate to drive further improvements.

The Programme was monitored by the Strategic Director of Finance and Customer Services and the Head of Internal Audit to ensure complete compliance by the end of the 2019/20 financial year.

Resolved:- That the production and ongoing implementation of the QAIP based on the internal self-assessment reported to the Committee be noted.

#### **71. AUDIT COMMITTEE FORWARD WORK PLAN**

Consideration was given to the proposed forward work plan for the Audit Committee covering the period March, 2019 to January, 2020.

Resolved:- That the Audit Committee forward work plan, now submitted, be supported and any amendments arising actioned in due course.

#### **72. ITEMS FOR REFERRAL FOR SCRUTINY**

There were no items for referral to Scrutiny.

#### **73. EXCLUSION OF THE PRESS AND PUBLIC**

Resolved:- That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12(A) of such Act indicated, as now amended by the Local Government (Access to Information) (Variation) Order 2006 (information relates to finance and business affairs).

#### **74. INTERNAL AUDIT PROGRESS REPORT FOR THE PERIOD 1ST NOVEMBER TO 31ST DECEMBER, 2018**

Consideration was given to a report presented by David Webster, Head of Internal Audit, which provided a summary of Internal Audit work completed during 1<sup>st</sup> November to 31<sup>st</sup> December, 2018, and the key issues that had arisen therefrom.

The completion of the audit plan had been impacted by 2 staff vacancies within the Audit Team. Replacement staff had been appointed and commenced work in January 2019.

Performance against key indicators had been maintained apart from productive time which was affected by sickness and annual leave over the Christmas period.

The updated plan was given in Appendix A. There had been no changes to the plan since the half year update reported to the last Committee (Appendix B).

5 audits had been finalised since the last Audit Committee meeting all with Reasonable Assurance (Appendix C).

Appendix D set out details of the unplanned responsive work completed since the last Audit Committee with Appendix E summarising Internal Audit's performance against a number of Indicators.

Appendix F showed the number of outstanding recommendations that had passed their original due date, age rated. For those over 120 days old the detail was then given, where they had been deferred the comment received from the Manager was given and where there was no change to the due date or comment, the Manager had not updated the system.

Discussion ensued on various matters contained within the agreed actions section of the report which included:-

- Unrealistic implementation dates originally set causing them not to be met
- Recruitment of staff at Hellaby Depot
- Adult Social Care Direct Payments
- Revised procedure of now issuing audit reports to the relevant Strategic Director, Assistant Director and Head of Service to ensure the appropriate level of seniority/ownership

Resolved:- (1) That the Internal Audit work undertaken since meetings of the Audit Committee, 1<sup>st</sup> November to 31<sup>st</sup> December, 2018, and the key issues arising therefrom be noted.

(2) That the information submitted regarding the performance of Internal Audit and the actions being taken by management in respect of the outstanding actions be noted.

## **75. RISK REGISTER - FINANCE AND CUSTOMER SERVICES**

Consideration was given to a report, presented by Judith Badger, Strategic Director, Finance and Customer Services, providing details of the Risk Register and risk management activity within the Finance and Customer Services' Directorate.

The Committee sought reassurance on the Risk Register and risk management activity in particular highlighting:-

- How the Register was maintained/monitored and at what frequency
- Involvement of the Cabinet Member
- How risks were included on and removed from the Register
- Anti-fraud activity in the Directorate

A detailed breakdown was given of the 4 red rated risks included within the Register.

Resolved:- That the progress and current position in relation to risk management activity in the Finance and Customer Services Directorate, as detailed in the report now submitted, be noted.

## **76. CORPORATE STRATEGIC RISK REGISTER**

Simon Dennis, Corporate Risk Manager, presented the current Strategic Risk Register which took account of updates from Directorates, the Strategic Leadership Team and the Audit Committee.

The Register was currently reviewed six weekly by the Strategic Leadership Team (SLT) and the relevant risks by individual Directorates as well as being reported quarterly to the Committee.

The current Register had been constructed from updates provided by risk owners. There were currently 15 risks included on the Strategic Risk Register, one less than when the Register was previously considered and no new risks added.

Discussion ensued with the following issues raised/highlighted:-

- Reduced risk profile during the last 12 months
- Brexit risk/Emergency Planning
- SLT consideration of the Corporate Risk Register

Resolved:- That the updated Strategic Risk Register be noted.

## **77. GRANT THORNTON**

Gareth Mills, Engagement Lead, Grant Thornton, reminded Members of the Committee of the event to be held on 26<sup>th</sup> February at their Leeds office.

The subject was to be Local Government Audit Committees with a variety of sessions being held during the morning on:-

Role of an Audit Committee  
Work of External Audit and Internal Audit  
Key Accounts Risks  
Value for Money

Places were still available for the event.

**78. DATE AND TIME OF NEXT MEETING**

Resolved:- That a further meeting be held on Tuesday, 26<sup>th</sup> March, 2019, commencing at 2.00 p.m.

# Audit Progress Report

## Rotherham Metropolitan Borough Council

Year ending 31 March 2019

14 March 2019



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# Introduction



**Gareth Mills**

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This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications [www.grantthornton.co.uk](http://www.grantthornton.co.uk).

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either Gareth or Thilina.

# Progress as at 14 March 2019

## Financial Statements Audit

We have started planning for the 2018-19 financial statements audit and have issued a detailed Audit Plan which was presented to the January Audit Committee. The Audit Plan sets out our proposed approach to the audit of the Council's 2018-19 financial statements.

Our interim audit visit commenced on 18 February and continues into March. Our interim fieldwork visit included:

- Reviewing the Council's control environment
- Documenting our understanding of key financial systems
- Reviewing Internal Audit reports on core financial systems
- Early work on emerging accounting issues
- Early substantive testing.

The main work completed and findings up to 14 March are set out on pages 6 and 7.

The statutory deadline for the issue of the 2018-19 opinion is 31 July 2019. The final accounts audit is due to begin early June with findings reported to you in the Audit Findings (ISA260) Report by the deadline of 31 July 2019.

## Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

Details of our initial risk assessment to determine our approach were included in our Audit Plan presented to the Audit Committee in January 2019.

We will report our work in the Audit Findings Report and give our Value For Money Conclusion by the deadline in July 2019.

## Other areas

### Meetings

Our next quarterly meeting with the Chief Executive and the s151 officer is scheduled for 9 April. We continue to meet with the senior officers of the Council as part of our regular liaison meetings.

We also continue our discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

### Events

We provide a range of workshops, along with network events for officers and members in addition to publications to support the Council. Council's key finance staff attended our annual accounts workshop on 5 February.

On 26 February, the Chair of the Audit Committee attended a workshop on the roles and responsibilities of audit committees including governance issues, accounting developments and value for money arrangements. We would like to thank the Chair for his attendance and contribution to the day.

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.



# Audit Deliverables

2018-19 Deliverables	Planned Date	Status
<b>Fee Letter</b> Confirming audit fee for 2018-19.	April 2018	Complete. This was presented to the Audit Committee in September 2018.
<b>Accounts Audit Plan</b> We are required to issue a detailed accounts Audit Plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2018-19 financial statements.	January 2019	Complete. This was presented to the Audit Committee on 29 January 2019.
<b>Interim Audit Findings</b> We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	March 2019	Our findings to date are set out on pages 6 and 7.
<b>Audit Findings (ISA260) Report</b> The Audit Findings Report will be reported to the July Audit Committee.	July 2019	Not yet due
<b>Auditors Report</b> This is the opinion on your financial statements, annual governance statement and value for money conclusion.	July 2019	Not yet due
<b>Annual Audit Letter</b> This letter communicates the key issues arising from our work.	August 2019	Not yet due

# Results of Interim Audit Work

The findings of our interim audit work completed to date, and the impact of our findings on the accounts audit approach, are summarised in the table below:

Audit area	Work performed	Conclusions and recommendations
<b>Internal audit</b>	<p>We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to your attention.</p> <p>We have also reviewed internal audit's findings to date on the Council's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.</p>	<p>Overall, we considered the work of internal audit to date, to help inform our understanding of the Council's control environment and inform our audit strategy for our accounts and value for money work.</p> <p>Our review of internal audit work has not identified any weaknesses which impact on our audit approach.</p>
<b>Entity level controls</b>	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements, including:</p> <ul style="list-style-type: none"> <li>• Communication and enforcement of integrity and ethical values</li> <li>• Commitment to competence</li> <li>• Participation by those charged with governance</li> <li>• Management's philosophy and operating style</li> <li>• Organisational structure</li> <li>• Assignment of authority and responsibility</li> <li>• Human resource policies and practices.</li> </ul>	<p>Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements.</p>
<b>Review of information technology controls</b>	<p>Our information systems specialist team performed a high level review of the general IT control environment, as part of the overall review of the internal controls system at the Council.</p> <p>Our work confirmed that IT (information technology) controls were implemented in accordance with our documented understanding. However, there was one issue arising from our IT review.</p> <p>We identified, user accounts and associated permissions within the Civica Housing Rents System were not formally and proactively reviewed for appropriateness.</p> <p>These reviews should take place at a pre-defined, risk-based frequency (annually at a minimum) and should create an audit trail such that a third-party could determine when the reviews were performed, who was involved, and what access changed as a result. These reviews should evaluate both the necessity of existing user ID's as well as the appropriateness of user-to-group assignments (with due consideration being given to adequate segregation of duties).</p>	<p>Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements and one recommendation to enhance the existing controls.</p> <p>The recommendation below has been discussed and agreed with senior IT management at the Council.</p> <p><b>Recommendation :</b></p> <p>To establish a process for management to perform periodic, formal reviews of all user accounts and permissions within the Civica Housing Rents System.</p> <p><b>Management Response:</b></p> <p>The Housing ICT Systems team receives notifications of users who are due to leave/have left the authority and disable accounts across all managed systems to ensure they are not utilised by other users. If a user moves into another role, a request is submitted to amend their access level as applicable to their new role. This request comes through a change control process and is authorised by their manager.</p> <p>The Housing ICT Systems team is in the process of implementing an annual review of access levels of all users within the system to ensure appropriateness and validity of access.</p>

# Results of Interim Audit Work (continued)

Audit area	Work performed	Conclusions and recommendations
<b>Walkthrough testing</b>	<p>We have completed walkthrough tests of the Council's controls operating in areas where we consider that there is a risk of material misstatement to the financial statements. This includes Property, Plant and Equipment (PPE) and Pensions valuations processes.</p> <p>In addition, we have held discussions with members of staff to obtain an understanding of the business processes and transactions that are significant for your financial statements. These included incomes &amp; receivables, PFI, non pay expenditure, payroll, treasury management, cash and cash equivalents, collection fund and non-domestic rates revenues, HRA rental revenues, grant revenues and housing benefit expenditure.</p>	<p>Our work to date has not identified any weaknesses to date which impact on our audit approach.</p> <p>Internal controls have been implemented by the Council in accordance with our documented understanding.</p>
<b>Journal entry controls</b>	<p>Our interim audit work on journals is now complete.</p> <p>We tested relevant journal controls that would reduce the risk of material errors in the financial statements.</p> <p>Our work did not identify material weaknesses which are likely to adversely impact on the Council's control environment or financial statements.</p>	<p>Our work to date has not identified any weaknesses which impact on our audit approach.</p> <p>We will perform further detail procedures on journals during our final audit visit in June/July 2019.</p>
<b>Early substantive testing</b>	<p>As part of our interim audit visit in February/March 2019, we selected samples for testing up to month 9 (December 2018) on following audit areas:</p> <ul style="list-style-type: none"> <li>- payroll substantive analytical procedures including starters and leavers testing</li> <li>- operating expenditure (other than payroll costs )</li> <li>- income</li> </ul>	<p>Our work to date has not identified any weaknesses which impact on our audit approach.</p> <p>We will perform testing on the remaining three months (months 10-12) on these areas during our final audit visit in June/July 2019.</p>



**Council Report**

Audit Committee – 26<sup>th</sup> March 2019.

**Title**

Internal Audit Strategic Plan 2019/20 to 2021/22.

**Is this a Key Decision and has it been included on the Forward Plan?**

No.

**Strategic Director Approving Submission of the Report**

Judith Badger, Strategic Director, Finance and Customer Services.

**Report Author(s)**

David Webster, Head of Internal Audit  
Internal Audit, Finance and Customer Services  
Tel: 01709 823282 Email: david.webster@rotherham.gov.uk

**Ward(s) Affected**

All wards.

**Executive Summary**

This report refers to the Internal Audit Strategic Plan for 2019/20 to 2021/22. The report explains Internal Audit's approach to the development of the plan, as well as detailing the specific activities we plan to review during the first year. The plan reflects a comprehensive risk assessment process, which has also included discussions with Strategic Directors and Assistant Directors to obtain their views of key risks and areas for audit coverage.

**Recommendations**

1. The Audit Committee is asked to consider the Internal Audit Strategic Plan and to comment on its content with regards to the areas covered and the level of audit resources.
2. The Audit Committee is requested to approve the Internal Audit Strategic Plan for 2019/20 to 2021/22.

**List of Appendices Included:-**

Appendix 1: Internal Audit Strategic Plan 2019/20 to 2021/22.

**Background Papers**

Public Sector Internal Audit Standards.

**Consideration by any other Council Committee, Scrutiny or Advisory Panel**

No.

**Council Approval Required**

No.

**Exempt from the Press and Public**

No

**Title: Internal Audit Strategic Plan 2019/20 to 2021/22.**

**1. Recommendations**

1. The Audit Committee is asked to consider the Internal Audit Strategic Plan and to comment on its content with regards to the areas covered and the level of audit resources.
2. The Audit Committee is requested to approve the Internal Audit Strategic Plan for 2019/20 to 2021/22.

**2. Background**

- 2.1 Internal Audit is required to comply with Public Sector Internal Audit Standards (PSIAS). The Standards require Internal Audit's plans to be risk based and to take into account the need to produce an annual internal audit opinion. It needs to be flexible to reflect changing risks and priorities of the organisation.

**3. Key Issues**

- 3.1 The plan has been prepared after a full refresh of the 'audit universe' (i.e. the comprehensive list of all areas potentially subject to audit across the Council) and a thorough review of the Council's risk registers. It has also taken into account:
  - Reports by management to the Audit Committee on the management of risks.
  - Cumulative audit knowledge and experience of previous work undertaken.
  - Discussions with Strategic Directors and Assistant Directors.
  - Knowledge of existing management and control environments.
  - Professional judgement on the risk of fraud or error.
  - Examination of Corporate Plans.
  - Review of external inspection reports.
- 3.2 As well as identifying all of the proposed pieces of work to be carried out during the year, the plan:
  - Explains the statutory requirements for Internal Audit
  - Describes the approach and methodology adopted in producing the plan
  - Shows the level of resources available to deliver the plan is 1,150 days
  - Includes a contingency for responsive work.
- 3.3 In line with auditing standards, the plan does not become fixed when it is approved. It remains flexible and will be revised to take into account any significant emerging risks facing the Authority. It will be subject to a half year review in consultation with Strategic Directors and Assistant Directors.

**4. Options Considered and Recommended Proposal**

- 4.1 This report is presented to enable the Audit Committee to fulfil its responsibility for overseeing the work of Internal Audit, in particular to review and approve the risk-based plan.

- 4.2 The Audit Committee is asked to support the Internal Audit Strategic Annual Plan for 2019/20 to 2021/22.

## **5. Consultation**

- 5.1 As part of the process for producing this Audit Plan, the Head of Internal Audit has held discussions with the Council's Strategic Directors and their teams to obtain their views of key risks and areas for audit coverage.

## **6. Timetable and Accountability for Implementing this Decision**

- 6.1 The Audit Committee is asked to receive this report at its 26<sup>th</sup> March 2019 meeting.

## **7. Financial and Procurement Implications**

- 7.1 There are no direct financial or procurement implications arising from this report. The budget for the Internal Audit function is contained within the budget for the Finance and Customer Services Directorate.

## **8. Legal Implications**

- 8.1 The provision of Internal Audit is a statutory requirement for all local authorities that is set out in the Accounts and Audit (England) Regulations 2015. This states:

*"A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."*

- 8.2 PSIAS state:

*"The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals. The risk-based plan must take into account the requirement to produce an annual internal audit opinion."*

- 8.3 Internal Audit also has a role in helping the Council to fulfil its responsibilities under s.151 of the Local Government Act 1972, which are:

*"each local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs"*

## **9. Human Resources Implications**

- 9.1 There are no direct Human Resources implications arising from this report.



## **10. Implications for Children and Young People and Vulnerable Adults**

10.1 This document constitutes a report of the Internal Audit Plan for 2019/20 to 2021/22. A significant proportion of the Plan is devoted to the examination of risks facing Children and Young People's Services and Adult Social Care.

## **11 Equalities and Human Rights Implications**

11.1 There are no direct Equalities and Human Rights Implications arising from this report.

## **12. Implications for Partners and Other Directorates**

12.1 Internal Audit is an integral part of the Council's Governance Framework, which is wholly related to the achievement of the Council's objectives, including those set out in the Corporate Improvement Plan and Children's Services Improvement Plan.

## **13. Risks and Mitigation**

13.1 The following risks have been identified.

Risk	Likelihood	Impact	Mitigation
Not having/failing to deliver a risk-based Plan. Audit Plan does not reflect current risks/threats to Council. Unforeseen demands upon audit resources, e.g. increase in frauds/investigations and/or requests from management (responsive work). Insufficient resources to complete work to support the annual opinion.	Low	Medium	Internal Audit regularly monitors progress of the plan and takes steps where necessary to ensure that sufficient work is carried out. Half year review of the plan with DLTs.

## **14. Accountable Officer(s)**

David Webster, Head of Internal Audit.

# **Rotherham Metropolitan Borough Council**

## **Internal Audit Strategic Plan 2019/20 to 2021/22**

## 1. Introduction

This document provides a summary of the Internal Audit Strategic Plan for 2019/20 to 2021/22, with more detail on the annual plan for the first year.

### Definition of Internal Audit

The UK Public Sector Internal Audit Standards defines Internal Audit as follows:-

*“Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.*

### Requirement for Internal Audit

The requirement for Internal Audit is set out in the Accounts and Audit (England) Regulations 2015:

*“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”*

PSIAS state:

*“The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals. The risk-based plan must take into account the requirement to produce an annual internal audit opinion.”*

The overall opinion issued each year by Internal Audit on the adequacy and effectiveness of the control environment is used as a key source of assurance to support the Annual Governance Statement.

### S.151 Officer responsibility

Internal Audit also has an important role to support the Strategic Director of Finance & Customer Services in discharging her statutory responsibilities, which include:-

- S151 Local Government Act 1972 – to ensure the proper administration of financial affairs.
- S114 Local Government Act 1988 – to ensure the Council’s expenditure is lawful.

### Development of Internal Audit Plan

The plan has been prepared after a full refresh of the ‘audit universe’ (i.e. the comprehensive list of all areas potentially subject to audit across the Council) and a thorough review of Council risk registers. It has also taken into account the views of Directors and Assistant Directors as to where audit resource is most needed. In line with the PSIAS, this plan should enable Internal Audit to maximise the value and assurance it provides the Council, while ensuring it fulfils its statutory obligation to review and report on the Council’s internal control environment.

A three year plan has been produced, however years two and three are indicative. Year one is provided in detail.

### Ongoing Revision of Internal Audit Plan

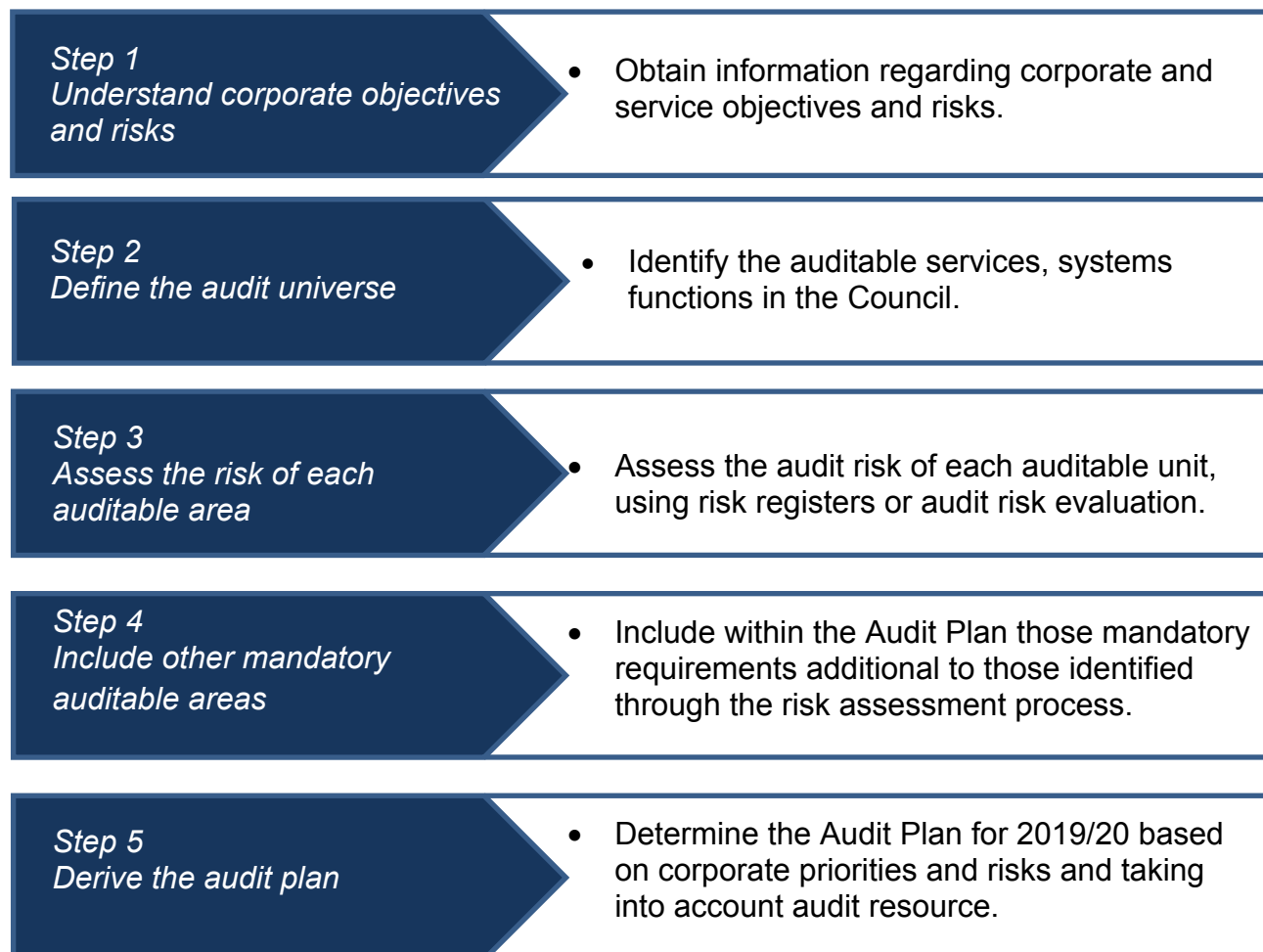
It should be noted that this is an iterative plan that will be kept under review on an ongoing basis. It is also intended to undertake a half year review. Any significant changes to it will be reported to the Audit Committee for consideration and approval.

## 2. Approach

The internal audit function will be delivered in accordance with the Internal Audit Charter, as presented to the Audit Committee in October 2018. The Charter defines the role, scope, independence, authority and responsibility of the internal audit department. Audits will be delivered in accordance with that Charter. The team will also be developed during the year in accordance with the Charter and Service Plan. Development will be predominantly by the further embedding of integrated audit software and the use of Risk Based Internal Audit to increase the efficiency of the department.

## 3. Methodology

A summary of our approach to the development of the Audit Plan for 2019/20 is set out below. The Plan is driven by the Council's organisational objectives and priorities and the risks that may prevent the Council from meeting these objectives.



## **Step 1 – Understand corporate objectives, priorities and risks**

### ***Approach***

We have examined all the Council's Strategic and Directorate risk registers. We have also reviewed the Council's plans to identify objectives and priorities. We have reviewed the findings from recent external reviews and have also used sector knowledge to gain a wider understanding and perspective on risk.

## **Step 2 – Define the audit universe**

### ***Approach***

Using that information we have updated the 'audit universe', the possible areas for audit within the Council based on the risk registers, Council plans objectives and priorities, Performance Management framework and our accumulated knowledge and experience.

## **Step 3 – Assess the risk of each auditable area**

### ***Approach***

This is a function of the estimated impact and likelihood of risk occurring for each auditable unit within the audit universe. It also takes into account our understanding of the strength of the control environment of each area. Where the auditable area is included in a risk register, the risk rating was used. Where the auditable area was not in a risk register the risk was assessed by reviewing:

- The time elapsed since the previous audit of the area
- The result of the previous audit
- Any new developments within the area
- Assessment of financial materiality
- Our assessment of reputational risk
- Our cumulative audit knowledge and experience of the Council
- The results of any external assessments

## **Step 4 – Include other auditable areas**

### ***Approach***

In addition to the audit work identified through the risk assessment process, we also work on fundamental financial systems to assist the Responsible Finance Officer to meet her statutory responsibilities under s.151 of the Local Government Act 1972. We are required to provide certification of a small number of grant claims. We include an allowance for the investigation of suspected fraud and irregularity, and a contingency for management requests and emerging issues. Finally, we have committed to provide an internal audit service to a small number of academy schools in the Rotherham area, from which we generate a small income stream.

## **Step 5 – Derive the Audit Plan.**

### ***Approach***

Discussions were held with all Strategic Directors and their teams. The plan was then derived to account for competing priorities, the need to provide an opinion at the end of the year and the resources available. It was presented to the Chief Executive and the Senior Leadership Team for information and any comment.

#### **4. Basis of our annual audit opinion for 2019/20**

Internal audit work will be performed in accordance with the Public Sector Internal Audit Standards (PSIAS) and the associated Local Government Application Note (LGAN).

Our annual internal audit opinion will be based on the internal audits we have completed over the year and the control objectives agreed for each individual internal audit. Progress against our Plan will be reported to the Audit Committee during the year.

In producing this Plan, we have considered carefully the level of audit coverage required to be able to form an evidenced annual internal audit opinion. There are a number of risks to the delivery of this Plan:

- The plan includes a more realistic provision for investigations. However there is no guarantee that it is accurate. If further resource is needed it may impact on the plan. Conversely, if this amount is not required then it will be allocated to other specific audit tasks.
- Integrated audit software has been introduced during the previous two years. There was disruption to the plan whilst it was being implemented, but this should not apply any longer. No allowance has been made in the plan for this year. If further time is needed it may impact on the plan.
- The team is now at full capacity, but the plan could be affected by staff vacancies during the year.

#### **Audits covered within the plan**

Outline scopes for each review are given in the attached table. The following types of audit work will be completed.

##### **1. Risk based work**

This work is based on the strategic or operational risks. The audits examine the objectives of the area under consideration, the risks that may affect the achievement of those objectives and the adequacy and effectiveness of the controls to mitigate those risks.

##### **2. System based work**

Predominantly of key financial systems to give assurance that they are operating effectively. Reviews will take place each year but will look at specific controls on a rolling basis.

##### **3. Follow up audits**

Specific follow up audits have been planned where there have been a number of recommendations made in previous reviews.

##### **4. Advisory work**

Audit time to take part in specific projects or developments, as already requested /

agreed with management.

5. Value for money

Value for money is considered as part of each audit review.

6. Grant claims

Time has been assigned to carry out reviews of grant claims.

7. Schools

We introduced Control and Risk Self-Assessment for all maintained schools during 2017/18. This was designed to provide a level of assurance about the standards in schools, whilst at the same time minimising audit time in the schools by eliminating the need for traditional school audit visits.

During 2018/19 we completed themed school based reviews on risks identified from the self-assessment. A sample of schools was visited to assess the identified risks.

During 2019/20 we will repeat the Control and Risk Self-Assessment exercise and use the results to arrive at and complete more themed reviews.

8. Counter Fraud work

We will continue to conduct investigations in fraud and irregularity during the year. In addition we will continue to participate in the National Fraud Initiative. This matches data across organisations and systems to help identify potentially fraudulent or erroneous claims and transactions.

## **Resources**

The audit plan will be delivered by the in-house team and has been based on the current complement of the team.

There is a contingency of 40 days for further audits of risks as they arise, or for requests from management for advisory work.

Not shown within the plan is a small allocation of days for the provision of an audit service to a number of academy schools in the Rotherham area, from which we generate a small income stream.

The level of available resources for the Internal Audit function for 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 is 1,150 days and is based on an establishment structure of 8 FTE. This is sufficient to allow the Head of Internal Audit to give his annual opinion at the end of the year. However, a greater resource would enable the team to provide a better service and greater assurance to the Council. The plan depends on maintaining the current level of resource.

## **5. Internal Audit Strategic Plan 2019/20 to 2021/22**

The internal audit plan has been derived as shown below to reflect the core areas of our Internal Audit programme determined by our risk assessment and consultation process.





## Strategic Plan for Internal Audit 2019/20 – 2021/22

Audit	Risk Register and Rating	Audit Classification	Auditable Area	2019/20 Days	2020/21	2021/22
<b><u>CORPORATE</u></b>						
Emergency Planning and Business Continuity	Strategic Risk SLT19	Risk Based	Review corporate arrangements to respond to a major incident or emergency.	15		
Annual Governance Statement		Advisory	Review of the process for the production of the AGS	10		X
Schemes of Delegation		Advisory	Review 'sub-schemes' of delegation across each directorate / service for compliance with policy and processes.	10		
<b>Total Planned Days – Corporate</b>				<b>35</b>		

<b><u>ASSISTANT CHIEF EXECUTIVE</u></b>						
Tackling Family Poverty	Strategic Risk SLT03	Risk Based	Families living in poverty are inadequately supported. Follow up of previous review of crisis loans.	5		X
Partnerships	Strategic Risk SLT11	Risk Based	Review of governance arrangements / effectiveness of 'Rotherham Together Partnership'.	10		
Recruitment	Operational Risk ACX21	Risk Based	Operating sound recruitment practices. Follow up of previous review.	5		
Replacement Payroll System	Operational Risk ACX12	Risk Based	Review of Data Migration to give assurance on the accuracy of data in the new system	5		
Payroll	Operational Risk ACX20	Risk Based	Fundamental system. Full review following implementation of new system.	25	X	X
Replacement Payroll System		Advisory	Audit advice to Programme Board and Project Board.	5		

Audit	Risk Register and Rating	Audit Classification	Auditable Area	2019/20 Days	2020/21	2021/22
Establishment Control		Risk Based	Review of the controls in place to ensure the Council establishment is maintained.	20		
Agency Staff / Relief Workers		Follow Up	Follow up of previous review in 2018-19.	5		
Consultants		Follow Up	Follow up of previous review in 2018-19.	5		
Universal Credit		Risk Based	Review of arrangements to respond to challenges emerging from introduction of Universal Credit (e.g. Family Poverty Strategy).	10		
Risk Management		Advisory	Review of the effectiveness of risk management.	10		X
Organisational Development		Risk Based	Review of arrangements to manage and monitor apprenticeships.	10		
Complaints		Risk Based	Review of the arrangements for dealing with complaints.	10		
Ward Budgets / Neighbourhood Budgets		Risk Based	Review the arrangements for administering Ward / Neighbourhood Budgets	10		
Communications and Marketing	Operational Risk ACX10	Risk Based	Review of the arrangements for dealing with high profile media issues		X	
Training		Risk Based	Review of the operation of training policies across the Council following implementation of new 'online' system.		X	
Timesheets		Risk Based	Review of the processes and system of control to ensure that timesheets are completed correctly.		X	
Performance Management		Risk Based	Review of the accuracy of data used reported in the performance management system.		X	
HR Policies		Risk Based	Review of the application of policies throughout the organisation.		X	
Member Allowances		Risk Based	Review of the procedures for Member Allowances.		X	
Performance and Quality		Risk Based	Review of the accuracy of information used for statutory reporting			X
<b>Total Planned Days – Assistant Chief Executive</b>				<b>135</b>		

Audit	Risk Register and Rating	Audit Classification	Auditable Area	2019/20 Days	2020/21	2021/ 22
<b><u>ADULT CARE AND HOUSING</u></b>						
Transition from Children's Care to Adult Care	ACHCP9	Risk Based	Support the transition from Children's to Adult Services and to improve outcomes in adulthood. Follow up of 2018-19 internal audit report and findings.	5		
Commissioning	Commissioning Risk Register	Risk Based	Examination of the quality aspects of the commissioning function including market stability; sustainability quality of provision, contract enforcement and regional best practice.	20		
Target Operating Model		Risk Based	After the introduction of the Target Operating Model confirm it is being applied correctly and consistently by social workers.	15		
Direct Payments		Risk Based	Review policies and procedures and ensure all previous audit recommendations in this area have been implemented.	15		X
District Heating		Follow Up	Follow up of 2018-19 audit review and findings.	5		
Liquid Logic		Risk Based	Liquid Logic is now operational and a review to be carried out to provide an opinion on compliance with prescribed procedures.	20	X	
People with Home Office Status No Recourse to Public Funds		Risk Based	Review procedures to ensure that public funds are not allocated to claimants who do not have Home Office status for recourse to public funds.	10		
Public Burials		Risk Based	Review of procedures taken to manage applications for public burials.	10		
Care Providers Deceased Clients		Risk Based	Review procedures to ensure that all notifications of deceased clients are acted upon in a timely manner.	10		

Audit	Risk Register and Rating	Audit Classification	Auditable Area	2019/20 Days	2020/21	2021/22
Mental Capacity Act	Strategic Risk SLT22 ACHS22	Risk Based	After the introduction of the Target Operating Model review compliance with the Mental Capacity Act.		X	
Housing Management System	Operational Risk Housing Service Register No.4	Risk Based	System recently upgraded and awaiting appointment of new member of staff to assist in identifying IT solutions. Review would be best suited in 2020-21.		X	
Homelessness	Commissioning Risk Register	Risk Based	Review of the actions taken to manage homelessness.		X	
Charging Policy		Risk Based	Review of charging, including benchmarking and compliance with the Care Act.		X	
Repairs and Maintenance Contract		Risk Based	Review of the contract procurement process after the new tender.		X	
Capital Programme		Risk Based	Review of the delivery of investment schemes.		X	
Rothercare		Risk Based	Review of the operation of Rothercare Service and Assistive Technology.		X	
Care Act		Risk Based	Review of the new operating model due in October 2019.		X	
Contract Management - Properties		Risk Based	Contract management of, for example, managing empty properties, replacement to central heating, refurbishment.		X	
Court of Protection			Review of procedures for managing clients funds.			X
<b>Total Planned Days – Adult Care and Housing</b>				<b>110</b>		

## **CHILDREN AND YOUNG PEOPLES SERVICE**

Children In Need	Strategic Risk SLT02	Risk Based	Review findings of CYPS work in this area, to include Section 17 payments and any possible cross over payments with children leaving care.	10		
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Audit	Risk Register and Rating	Audit Classification	Auditable Area	2019/20 Days	2020/21	2021/22
Schools – Exclusions	Strategic Risk SLT04; Operational Risk CYPS1 SCF6	Risk Based	Review the Council's procedures in respect of permanent exclusions to ensure compliance with statutory requirements.	15		
Safeguarding	Strategic Risk SLT04 Operational Risk CYPS1; CYPS6; SCF4	Risk Based	Review of the processes in place for closing off items from the CYPS Improvement Plan. This will include the evidence supplied, and the "challenges" applied before an item is removed from the plan by the Performance Board.	15		
Special Education Needs	CPQ39	Risk Based	Education Health and Care Plans (EHCP), review the financial arrangements in relation to element 3 – top up funding.	15		
Virtual School Pupils	SCF6	Risk Based	Ensure all Virtual School pupils make progress in line with their peers. Follow up of 2018-19 audit review in respect of pupil premiums.	5		
SEND	Operational Risk CYPS1; CPQ4 ES10	Risk Based	Provide assurance that arrangements in place within the Moving and Handling Service meet statutory responsibilities, including pathways and trading arrangements.	20	X	
Direct Payments	Operational Risk SCF7	Risk Based	Review policies and procedures and ensure all previous audit recommendations in this area have been implemented.	10		
Looked after Children - Connected Persons	SCF4	Risk Based	Keeping Children and Young People safe from harm. Follow up of 2018-19 audit of Liquid Logic system.	15		X
Looked After Children	SCF1	Risk Based	Provide assurance that all LAC have an Education Health & Care Plan.	15		
Fostering and Adoption Allowances		Risk Based	Review of the controls around the delivery of allowances	10		X

Audit	Risk Register and Rating	Audit Classification	Auditable Area	2019/20 Days	2020/21	2021/22
Looked After Children		Follow Up	Follow up of audit findings and recommendations from investigation of cash handling procedures in the LAC team.	5		
Children Leaving Care		Follow Up	Follow up of audit findings and recommendations from investigation of cash handling procedures.	10		
Schools		Control and Risk Self Assessment	New round of questionnaires for schools.	20	X	X
Schools Themed Audit		Risk Based	Reviews based on the results of the schools' Control and Risk Self-Assessment.	20	X	X
Rating of Schools	CYPS5	Risk Based	Review of the arrangements to ensure maintained schools are rated highly.		X	
Learning Needs of 16-18 Year Olds		Risk Based	Review to ensure there is sufficient provision to meet learning needs.		X	
Emergency Support Process		Risk Based	Review after new arrangements implemented in 2019.		X	
Out of Authority Placements		Risk Based	Review of arrangements for payments related to Out of Authority Placements			X
<b>Total planned days - Children and Young People's Services</b>				<b>185</b>		

## **FINANCE AND CUSTOMER SERVICES**

### **Finance**

Budgetary Control	Strategic Risk SLT 16	Risk Based	Services adherence to agreed financial plans, and being able to identify, implement and deliver sustainable budget proposals. Relevant priority services are delivered efficiently, effectively and economically. Training programme is to be rolled out across the Authority.	20		
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Audit	Risk Register and Rating	Audit Classification	Auditable Area	2019/20 Days	2020/21	2021/22
Procurement Governance -	Directorate Risk	Risk Based	Review of compliance with Contract Standing Orders after they have been revised.	10		
Procurement – Contract Renewals / Expiry	Directorate Risk FCS 13	Risk Based	Review of planning for contract renewals/expiry. Compliance with EU procurement legislation.	10		
Council Tax	Directorate Risk	Risk Based	Review of collection rates and whether they could be improved with greater efficiency.	10		
Procurement – value for money	Operational Risk	Risk Based	Review of the management of high spend / high risk areas of expenditure across the Council. Audit to be completed after Category Plans in place.	10		
Purchasing Cards	Operational		Review of the use of Purchasing Cards			X
Council Tax		Systems Based	Fundamental system. Previously no concerns, audit resources to examine a particular area within the system.		X	X
NNDR		Systems Based	Fundamental system. Previously no concerns, audit resources to examine a particular area within the system.	10	X	X
Debtors		Systems Based	Fundamental system. Previously no concerns, audit resources to examine a particular area within the system.	10	X	X
Creditors		Systems Based	Fundamental system. Previously no concerns, audit resources to examine a particular area within the system.	10	X	X
Rents		Systems Based	Fundamental system. Previously no concerns, audit resources to examine a particular area within the system.		X	
General Ledger		Systems Based	Review of the operation of the General Ledger which is currently being upgraded. To provide assurance that the new procedures are operating as prescribed in 4 <sup>th</sup> Quarter.		X	

Audit	Risk Register and Rating	Audit Classification	Auditable Area	2019/20 Days	2020/21	2021/22
Benefits and Council Tax Reduction		Systems Based	Fundamental system. Previously no concerns, audit resources to examine a particular area within the system.		X	
Treasury Management		Systems Based	No concerns were raised following the 2018-19 audit review. To include as part of the 2020-21 plan.		X	
VAT		Systems Based	There are currently no concerns in this area. To include as part of the 2020-21 plan.		X	
Insurance		Risk Based	New contracts recently put in place, to include a review in 2020/21		X	
<b><u>Customer Information &amp; Digital Services</u></b>						
Information Management	Strategic Risk SLT 33	Risk Based	Compliance with the relevant information management legislation. Follow up of 2018-19 audit.	5		X
GDPR	Strategic Risk SLT33	Risk Based	Implementation of GDPR requirements. Detailed scope to be agreed.	20		X
Cyber Security Attacks	Directorate Risk FCS 14	Risk Based	Review of the procedures / safeguards in place to prevent or react to cyber security attacks.	10		
Data Loss	Operational Risk	Risk Based	Review of the controls around the security of data transferred to mobile devices (via InTune Portal and Outlook App).	10		
Asset Management	Operational Risk	Risk Based	Assurance on the adequacy of arrangements for renewal of software licences.	10		
Active Directory		Risk Based	Review of access rights and robustness of policies & procedures.	10		
Customer Service and Efficiency Programme Board		Advisory	Audit contribution to projects designed to increase efficiency.	30		
Replacement Telephone System	Operational Risk	Risk Based	Implementation of new telephony system. Detailed scope to be agreed.		X	



Audit	Risk Register and Rating	Audit Classification	Auditable Area	2019/20 Days	2020/21	2021/22
Data Storage Platforms	Operational Risk	Risk Based	Review of the replacement of data storage platforms.		X	
Electronic Data Retention and Destruction		Risk Based	Review of arrangements to manage electronic data retention and destruction.		X	
<b><u>Legal Services</u></b>						
Whistleblowing		Risk Based	Review to provide assurance that reported cases are investigated and there is supporting evidence to justify the investigations overall findings.	10		
Contract Sealing		Risk Based	Review of the processes for signing and sealing major contracts.	10		
Electoral Services	Operational	Risk Based	Review of processes to ensure that the electoral register is up to date.			X
Right to Buy		Risk Based	Effective operation of RTB process within Legal Services			X
<b>Total Planned Days – Finance and Customer Services</b>				<b>205</b>		

<b><u>REGENERATION AND ENVIRONMENT</u></b>						
Licencing & Enforcement	Strategic Risk SLT26	Risk Based	Delivery of an effective, fit for purpose licensing service. Follow up of previous review of Licensing & Enforcement	5		
Asset Management	Strategic Risk SLT27	Risk Based	Review the effectiveness of procedures for dealing with disposals from the operational property estate.	10		
Enforcement / Enforcement Notices	Strategic Risk SLT26	Risk Based	Review operation of Food & Trading Standards enforcement is consistent with statutory requirements & the effectiveness of Noise Abatement enforcement action	15		
Landfill Sites	Operational Risk CSS6	Risk Based	Review of the risk and controls in place to prevent the release of gases or leachates from landfill sites.	10		
Home to School Transport	Operational Risk R&E9	Risk Based	Effective Home to School Transport. Review of new Home to School Transport Policy. Also review cross-directorate working with CYPS	20		

Audit	Risk Register and Rating	Audit Classification	Auditable Area	2019/20 Days	2020/21	2021/22
Building Control	Operational Risk PRT (new risk)	Risk Based	Building works undertaken in accordance with Building Regulations. Detailed scope to be agreed.	10		
Kerbside Waste	Operational Risk CSS19 & 20	Risk Based	Review of the arrangements for Kerbside Waste collection	10		
Hellaby Depot	Operational Risk CSS43	Risk Based	An overall review of the governance of the services based at the depot with more detailed work in selected areas.	20		
Growth Plan	SLT10		Arrangements for the delivery of the plan			X
Household Waste Recycling Centres	Operational Risk CSS18	Risk Based	Review operation of contractual arrangements / requirements.		X	
Vehicle Fleet		Follow up	Follow up of previous review in 2018-19.	5		
Cash Handling Procedures		Follow up	Follow up of previous review in 2018-19.	5		
Rother Valley Country Park			Review of the management of income from the Country Park		X	
<b>Total Planned Days – Regeneration and Environment</b>				<b>110</b>		

<b><u>OTHER</u></b>	<b>Provision</b>	<b>Days Used</b>
Grants	50	
Provision for investigations	250	
Pro-active fraud	30	
Contingency	40	
<b>Total</b>	<b>370</b>	
<b>Overall Plan Total</b>	<b>1150</b>	

**Summary Sheet****Council Report:**

Audit Committee 26<sup>th</sup> March 2019

**Title:**

Audit Committee Forward Work Plan

**Is this a Key Decision and has it been included on the Forward Plan?**

No

**Strategic Director Approving Submission of the Report:**

Judith Badger (Strategic Director of Finance and Customer Services).

**Report Author(s):**

David Webster (Head of Internal Audit).

Tel: 01709 823282 Email [david.webster@rotherham.gov.uk](mailto:david.webster@rotherham.gov.uk)

**Ward(s) Affected:**

None.

**Executive Summary:**

The report presents to the Audit Committee a forward work plan covering the next year. The plan shows how the agenda items relate to the objectives of the Committee. It is presented for review and amendment as necessary.

**Recommendation:**

The Audit Committee is asked to review the Forward Work Plan and suggest any amendments to it.

**Consideration by any other Council Committee, Scrutiny or Advisory Panel:**

No

**Council Approval Required:**

No

**Exempt from the Press and Public:**

No

**Title:**

Audit Committee Forward Work Plan.

**1. Recommendations**

The Audit Committee is asked to review the Forward Work Plan and suggest any amendments to it.

**2. Background**

2.1 Each year the Audit Committee publishes a Prospectus setting out the scope of its work, the standards it adheres to and its work programme for the year. The programme is subject to change and can be amended during the year to respond to any emerging areas of concern to the Committee. This report shows a rolling programme for the Committee for the forthcoming year.

**3. Details**

3.1 Local Government Audit Committees should comply with the Chartered Institute of Public Finance and Accountancy's Position Statement and Practical Guidance for Audit Committees. The scope of the Audit Committee's responsibilities and its work plan are designed to ensure the Committee meets the CIPFA standards.

3.2 Key Audit Committee activities, reflected in the Prospectus and work plan, include:

- Satisfying itself and others that the Annual Governance Statement reflects the Council's arrangements and position.
- Monitoring the effectiveness of the internal control environment and assurances obtained from its operation.
- Consider the effectiveness of risk management.
- Ensuring Internal Audit is independent and effective.
- Review the responsibilities of internal audit and ensure it has the necessary resources to enable it to function in accordance with professional standards.
- Review the internal audit work plan and receive reports on the results of internal audit work.
- Reviewing the Council's arrangements for managing the risk of fraud.
- Reviewing the external auditor's annual audit plan and ensuring it is consistent with the scope of the audit engagement.
- Reviewing the findings of the external auditor's work.
- Reviewing the financial statements and the external auditor's opinion on the statements.
- Considering external audit and inspection recommendations and ensuring these are fully responded to.
- Reviewing and monitoring treasury management arrangements.

**4. Options considered and recommended proposal**

4.1 The Prospectus and work plan for the Audit Committee are helpful guiding documents for the Committee itself and other stakeholders with an interest in the Committee's activities. The work plan for the coming year by date is presented to each committee meeting for review and amendment.

**5. Consultation**

5.1 Relevant officers were consulted in producing the Prospectus.

**6. Timetable and Accountability for Implementing this Decision**

- 6.1 The Forward Plan comprises a schedule of reports to be presented to the Audit Committee at each of its meetings during the year. Various reports have to be presented at specified meetings in order to comply with statutory requirements (for example relating to the statement of accounts and annual governance statement).

**7. Financial and Procurement Implications**

- 7.1 There are no financial or procurement issues arising from this report.

**8. Legal Implications**

- 8.1 There are no direct legal implications associated with this report.

**9. Human Resources Implications**

- 9.1 There are no Human Resources implications arising from the report.

**10. Implications for Children and Young People and Vulnerable Adults**

- 10.1 The Audit Committee reviews the management of risks across the Council including those relating to Children's and Adult Services. Review of the management of risks helps to ensure the risks are mitigated.

**11. Equalities and Human Rights Implications**

- 11.1 There are no direct Equalities or Human Rights implications arising from this report.

**12. Implications for Partners and Other Directorates**

- 12.1 Partners will be able to take assurance on the Control's application of governance controls and management of risks from the work of the Audit Committee.

**13. Risks and Mitigation**

- 13.1 The Audit Committee aims to comply with standards established by the Chartered Institute of Public Finance and Accountancy (CIPFA). The maintenance of a work plan is consistent with the CIPFA standards. The production of a work plan also helps the Audit Committee to ensure it achieves its terms of reference.

**14. Accountable Officer:**

David Webster (Head of Internal Audit).

## Audit Committee Forward Work Plan

Meeting Date	Objective	Agenda Item	Author
18 <sup>th</sup> June 2019	Review External Audit findings	Training – Statement of Accounts External Audit Progress Update	Grant Thornton / Graham Saxton
	Review Financial Statements	Draft Statement of Accounts	Graham Saxton
	Review Governance Statement	Draft AGS	Judith Badger
	Regulation of Investigatory Powers	Review of Surveillance and Policy	Liz Anderton
	Consider Audit and Investigation recommendations	External Audit Recommendations	Sue Wilson
	Effectiveness of Internal Audit and internal control environment	IA Progress Report	David Webster
	Effectiveness of Internal Audit and internal control environment	IA Annual Report	David Webster
	Effectiveness of Risk Management	Risk Management Directorate Presentation – Adult Care and Housing	Anne Marie Lubanski
		Audit Committee Forward Plan	David Webster

Meeting Date	Objective	Agenda Item	Author
30 <sup>th</sup> July 2019		Training	
	Review financial statements	Final Statement of Accounts	Graham Saxton
	Review Annual Governance Statement	Final AGS	Judith Badger
	Review External Audit findings	External Audit findings (ISA 260)	Grant Thornton / Graham Saxton
	Review External Audit findings	External Audit report on the Accounts	Grant Thornton / Graham Saxton
	Review Treasury Management	Annual Treasury Report	Graham Saxton
	Effectiveness of Risk Management	Strategic Risk Register	Simon Dennis
		Audit Committee Annual Report	David Webster
		Audit Committee Forward Work Plan	David Webster
		Private meeting	



Meeting Date	Objective	Agenda Item	Author
24 <sup>th</sup> September 2019	Review External Audit findings	Training	
		External Audit Progress Report	Grant Thornton / Graham Saxton
	Effectiveness of Internal Audit	IA Charter review and update	David Webster
	Effectiveness of Internal Audit and internal control environment	IA Progress Report	David Webster
	Effectiveness of Risk Management	Risk Management Directorate Presentation – Assistant Chief Executive	Shokat Lal
	Managing the risk of fraud	Anti-Fraud and Corruption Policy and strategy review and update	David Webster
		Audit Committee Forward Work Plan	David Webster

Meeting Date	Objective	Agenda Item	Author
26 <sup>th</sup> November 2019	Review External Audit findings	Training – Code of Corporate Governance External Audit Annual Letter	Grant Thornton / Graham Saxton
	Consider Audit and Inspection Recommendations	External Audit and Inspection recommendations	Sue Wilson
	Monitor Treasury Management	Mid-Year Report on Treasury Management	Graham Saxton
	Regulation of Investigatory Powers	Review of Surveillance	Neil Concannon
	Review Annual Governance Statement	Code of Corporate Governance	Simon Dennis
	Effectiveness of Risk Management	Risk Management Strategy and Policy	Simon Dennis
	Effectiveness of Risk Management	Risk Management Directorate Presentation – Regeneration and Environment	Strategic Director R&E
	Effectiveness of Internal Audit and internal control environment	IA Progress Report  Audit Committee Forward Work Plan	David Webster  David Webster

Meeting Date	Objective	Agenda Item	Author
28 <sup>th</sup> January 2020	Review External Audit findings	Training External Audit Progress Update	Grant Thornton / Graham Saxton
	Review financial statements	Final Accounts closedown and accounting policies	Graham Saxton
	Review External Audit findings	External Audit Grants Report	Grant Thornton / Graham Saxton
	Review External Audit Annual Plan	Accounts Audit Plan	Grant Thornton / Graham Saxton
	Effectiveness of Risk Management	Strategic Risk Register	Simon Dennis
	Effectiveness of Risk Management	Risk Management Directorate Presentation – Finance and Customer Services	Judith Badger
	Effectiveness of internal control environment	Information Governance	Head of Information Governance
	Effectiveness of Internal Audit and internal control environment	IA Progress Report  Audit Committee Forward Work Plan	David Webster  David Webster

Meeting Date	Objective	Agenda Item	Author
24 <sup>th</sup> March 2020	Effectiveness of Internal Audit and internal control environment	Training	
		IA Strategy and Plan	David Webster
	Effectiveness of Internal Audit and internal control environment	IA Progress Report	David Webster
	Review External Audit Findings	External Audit Progress Update	Grant Thornton / Graham Saxton
	Effectiveness of Internal Control	Information Governance	Paul Vessey
	Effectiveness of Internal Audit and internal control environment	Risk Management Directorate Presentation – CYPS	Jon Stonehouse
	Effectiveness of Internal Audit	Audit Committee Self-Assessment and Annual Report	David Webster
		Audit Committee Forward Work plan	David Webster

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