

AUDIT COMMITTEE

Date and Time :- Thursday, 26 September 2019 at 2.00 p.m.
Venue:- Town Hall, Moorgate Street, Rotherham.
Membership:- Councillors Cowles, Vjestica, Walsh (Vice-Chair), Wilson and Wyatt (Chair)

Independent Member – Mr. B. Coleman

The business which will be discussed are described on the agenda below and there are reports attached which give more details.

Rotherham Council advocates openness and transparency as part of its democratic processes. Anyone wishing to record (film or audio) the public parts of the meeting should inform the Chair or Governance Advisor of their intentions prior to the meeting.

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 30th July, 2019 (herewith) (Pages 1 - 5)**
- 7. External Audit Annual Report (Pages 6 - 20)**
- 8. Update Report on the Use of Surveillance and Acquisition of Community Data Powers (Pages 21 - 27)**
- 9. Audit Charter (Pages 28 - 46)**

10. Audit Committee Forward Plan (Pages 47 - 56)

11. Items for Referral for Scrutiny

12. Exclusion of the Press and Public

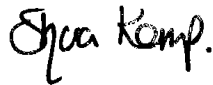
That under Section 100(A) 4 of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12(A) of such Act indicated, as now amended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

13. Internal Audit Progress Report (Pages 57 - 81)

14. Risk Management Summary of Activity 2018-19 (Pages 82 - 90)

15. Date and time of next meeting

Tuesday, 26th November, 2019, commencing at 2.00 p.m.



Chief Executive.

AUDIT COMMITTEE
30th July, 2019

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

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

16. DECLARATIONS OF INTEREST

There were no Declarations of Interest made at the meeting.

17. QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS

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

18. MINUTES OF THE PREVIOUS MEETING HELD ON 18TH JUNE, 2019

Consideration was given to the minutes of the previous meeting of the Audit Committee held on 18th June, 2019.

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

19. AUDITED STATEMENT OF ACCOUNTS 2018-19

Consideration was given to a report presented by Paul Stone, Head of Corporate Finance, which advised on matters arising from the external audit of the Council's 2018/19 Statement of Accounts as presented in the External Auditor's ISA260 report and, in acknowledging these findings, requested that the Audit Committee approve both the Letter of Management Representation and the audited Statement of Accounts 2018/19.

Grant Thornton intended to issue an unqualified audit opinion on the Statement of Accounts and their representative at the meeting confirmed the unaudited Statement of Accounts and draft Narrative Report had one audit adjustment, which did not affect the prime financial statements, and a small number of presentational adjustments. None of the changes affected the financial performance or financial position of the Council previously reported in the unaudited Statement of Accounts.

The one adjustment affecting the Council's primary statements related to pension liabilities resulting from the post year-end national McCloud judgement and the associated Guaranteed Minimum Pension indexation. Grant Thornton was working through documentation received from the auditor of the South Yorkshire Pension Fund, however, it should be noted that this was not unique to Rotherham and affected all local authorities.

The ISA 260 also confirmed that working papers were of a high standard and the audit queries were dealt with in a timely and efficient manner.

A number of recommendations had been made, set out in Appendix A (Action Plan), namely:-

- Delivery of 2019-20 budget, savings plan and achievement of medium Term Financial Strategy
- Dedicated Schools Grant reserve deficit and recovery plan

Section 2 of the ISA 260 set out the approach, risks, work and conclusion reached by Grant Thornton on whether the Council had satisfactory arrangements in place to secure the economy, efficiency and effectiveness in the use of its resources. The conclusion reached was that the Council had made proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. All the recommendations set out in the ISA 260 2017/18 report had been implemented.

Resolved:- (1) That the Auditor's ISA 260 2018/19, as submitted at Appendix 4, be approved.

(2) That the Statement of Accounts 2018/19 (Appendix 1 of the report submitted) and the 2018/19 Narrative Report (Appendix 2 of the report submitted) be signed and approved for publication.

(3) That Grant Thornton be issued with the Letter of Management Representation (Appendix 3 of the report submitted).

20. ANNUAL GOVERNANCE STATEMENT 2018-19

Further to Minute No. 5 of 18th June, 2019, consideration was given to the updated 2018-19 draft Annual Governance Statement (AGS) presented by David Webster, Head of Internal Audit.

There had been no significant events or developments relating to the governance system between the year end and the date on which this Statement had been signed.

Recommended practice required the Leader of the Council and the Chief Executive to sign the Annual Governance Statement prior to its publication.

Resolved:- (1) That the 2018-19 draft Annual Governance Statement be noted.

(2) That the requirement for the Leader and Chief Executive to sign the Statement prior to the publication of the Annual Governance Statement be

noted.

21. FINANCIAL OUTTURN 2018-19 - TREASURY MANAGEMENT AND PRUDENTIAL INDICATORS

In accordance with Minute No. 26 of the Cabinet Meeting on 8th July, 2019, consideration was given to a report presented by Paul Stone, Head of Corporate Finance, which detailed how the Council approved the Treasury Management Strategy in February, 2018, and received a mid-year report on 27th November, 2018, representing a mid-year review of treasury activity during 2018/19.

The Annual Treasury Management report was the final treasury report for 2018/19. Its purpose was to review the treasury activity for 2018/19 against the Strategy agreed at the start of the year.

The report also covered the actual Prudential Indicators for 2018/19 in accordance with the requirements of the Prudential Code.

Presentation of the report met the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

The Council was required to comply with both Codes through Regulations issued under the Local Government Act 2003.

Appendix A of the report submitted gave a summary of the Prudential Indicators and Appendix B a summary of the Prudential Indicators for the former South Yorkshire County Council.

Resolved:- That the Annual Treasury Management Report be noted.

22. AUDIT COMMITTEE ANNUAL REPORT 2018/19

David Webster, Head of Internal Audit, submitted the Audit Committee 2018/19 Annual Report in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance which recommended that audit committees report annually on how they had discharged their responsibilities during the previous municipal year.

The draft annual report was attached at Appendix 1 together with the Committee's Terms of Reference. The report set out:-

- A summary of the work undertaken
- External Audit
- Internal Audit
- Anti-Fraud and Corruption
- Risk Management
- Corporate Governance
- Finance

AUDIT COMMITTEE - 30/07/19

- Other
- Training
- Terms of Reference 2018/19 and 2019/20

The Committee's Terms of Reference had been amended in light of the Chartered Institute of Public Finance and Accountancy (CIPFA) 'Audit Committees – Practical Guidance for Local Authorities and Police' in May 2018, an update of the 2013 guidance. The Guidance included suggested Terms of Reference for audit committees which had been used as the basis for the proposed update.

The main changes to the Terms of Reference were:-

- Inclusion of the extended membership agreed in December 2015
- A Statement of Purpose outlining the role of the Committee
- Detailed responsibilities were given for governance, risk and control, Internal Audit, External Audit, financial reporting, Treasury Management and accountability
- Oversight of the Council's whistle-blowing procedure

Resolved:- That the Audit Committee Annual Report 2018/19 be noted and submitted to Council for approval.

23. AUDIT COMMITTEE FORWARD WORK PLAN

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

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

24. ITEMS FOR REFERRAL FOR SCRUTINY

There were no items for referral for Scrutiny.

25. EXCLUSION OF THE PRESS AND PUBLIC

Resolved:- That under Section 100(A) 4 of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves 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).

26. 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 13 risks included on the Strategic Risk Register, 2e less than when the Register was previously considered and no new risks added.

Discussion ensued with the following issues raised/highlighted:-

- Brexit risk/Emergency Planning
- SLT consideration of the Corporate Risk Register
- Procurement
- EU grant funding
- Tackling family poverty

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

27. DATE AND TIME OF NEXT MEETING

Resolved:- That a further meeting be held on Thursday, 26th September, 2019, commencing at 2.00 p.m.

The Annual Audit Letter for Rotherham Metropolitan Borough Council

Year ended 31 March 2019

August 2019



Contents



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1. Executive Summary

Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Rotherham Metropolitan Borough Council (the Council) for the year ended 31 March 2019.

This Letter is intended to provide a commentary on the results of our work to the Council and external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'.

We reported the detailed findings from our audit work to the Council's Audit Committee as those charged with governance in our Audit Findings (ISA260) Report on 30 July .

Our work

Materiality	We determined materiality for the audit of the Council's financial statements to be £10,500,000, which was 1.8% of the Council's gross revenue expenditure.
Financial Statements opinion	We gave an unqualified 'clean' audit opinion on the Council's financial statements on 8 August 2019. Our opinion was issued shortly after the original target date of 31 July, this was in relation to us concluding the audit documentation on our audit file to ensure it was complete as at the date we issued our audit opinion. It was our decision to sign our audit opinion a short period after the target date and this was not as a result of any issues in relation to the Council's accounts or supporting working papers provided.
Whole of Government Accounts (WGA)	We completed work on the Council's consolidation return following guidance issued by the NAO.
Use of statutory powers	We did not identify any matters which required us to exercise our additional statutory powers.
Value for Money arrangements	We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the members of the Council on 8 August 2019.
Certificate	We certified that we have completed the audit of the financial statements of the Council in accordance with the requirements of the Code of Audit Practice on 22 August 2019.

Respective responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council's financial statements (section two)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Council's financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

Executive Summary

Working with the Council

In our first year of audit at the Council, we believe we have developed professional working relationships with you and your officers and have delivered a number of positive outcomes, including:

- regular liaison with senior officers including the Chief Executive, the s151 Officer, senior finance managers and the Chair of the Audit Committee to understand the issues facing the Council
- an efficient audit - we delivered an efficient audit with you in June and July and worked well with your finance team
- understanding your operational environment and challenges – through the value for money conclusion work, we provided assurances around your arrangements in place to secure economy, efficiency and effectiveness in use of Council's resources

- Sharing our insight – we provided regular audit committee updates covering best practice. We also contributed to discussions and debates on a variety of committee topics outside of external audit agenda items
- Providing accounts workshops – we provided your finance team with training workshops, focusing on key changes to 2018-19 financial statements and main risk areas for the audit.
- Supporting development – we provided a workshop for members of the Audit Committee on the roles and responsibilities of audit committees including governance issues, accounting developments and value for money arrangements. The day was an opportunity for members to network with other members across our Yorkshire local authority client base and discuss audit committee effectiveness.

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's staff.

Grant Thornton UK LLP
August 2019

2. Audit of the Financial Statements

Our audit approach

Materiality

In our audit of the Council's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for the audit of the financial statements to be £10,500,000, which is 1.8% of the Council's gross revenue expenditure. We used this benchmark as, in our view, users of the Council's financial statements are most interested in where the Council has spent its revenue in the year.

We also set a lower level of specific materiality of £5,000 for senior officer remuneration.

We set a lower threshold of £525,000, above which we reported errors to the Audit Committee in our Audit Findings (ISA260) Report.

The scope of our audit

Our audit involves obtaining sufficient evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the accounting policies are appropriate, have been consistently applied and adequately disclosed
- the significant accounting estimates made by management are reasonable
- the overall presentation of the financial statements gives a true and fair view.

We also read the remainder of the financial statements, the narrative report and the annual governance statement published alongside the financial statements to check it is consistent with our understanding of the Council and with the financial statements on which we gave our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council's operational activities and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the Financial Statements

Significant Audit Risks

These are the significant risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our Audit Plan	How we responded to the risk	Findings and conclusions
<p>Management over-ride of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We identified management over-ride of controls as a risk requiring special audit consideration.</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none">• evaluated the design effectiveness of management controls over journals• analysed the journals listing and determined the criteria for selecting high risk unusual journals• tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration• gained an understanding of accounting estimates and critical judgements applied and made by management and considered their reasonableness with regard to corroborative evidence• evaluated the rationale for any significant changes in accounting policies, estimates or significant unusual transactions.	<p>Our audit work did not identify any issues in respect of management override of controls.</p>

Audit of the Financial Statements

Significant Audit Risks continued

Risks identified in our Audit Plan	How we responded to the risk	Findings and conclusions
<p>Valuation of land and buildings</p> <p>The Council revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (c£900m) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, the Council needs to ensure the carrying value of land and buildings in the Council's financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work evaluated the competence, capabilities and objectivity of the valuation expert discussed with the valuer the basis on which the valuation was carried out challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding tested revaluations made during the year to see if they had been accounted correctly in line with applicable accounting guidance and input correctly into the Council's asset register assessed how management have confirmed assets valued at 1 April 2018 have not significantly changed in value by the year end, 31 March 2019 evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end reviewed the Council's PFI schemes to consider the appropriateness of the accounting entries. 	<p>Our work did not identify any significant issues.</p> <p>We did identify some presentational changes that were reported in our Audit Finding Report to the Audit Committee on 30 July 2019.</p>

Audit of the Financial Statements

Significant Audit Risks continued

Risks identified in our Audit Plan	How we responded to the risk	Findings and conclusions
<p>Valuation of the pension fund net liability</p> <p>The Council's pension fund net liability, as reflected in its balance sheet, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> • updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluated the design of the associated controls • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work • assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation • assessed the accuracy and completeness of the information provided to the actuary to estimate the liabilities • tested the consistency of the pension fund assets and liabilities and disclosures in the notes to the core financial statements with the actuarial reports from the actuary • performed procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report • requested the council to obtain updated reports from its actuary to take into account the impact on the Council's pension numbers as a result of the McCloud Supreme Court judgement which occurred after the publication of Council's draft accounts on 31 May 2019. We assessed the updated actuary report to understand the overall impact to the pension fund liability of the Council. • obtained assurances from the auditor of South Yorkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements 	<p>The Council requested updated reports from its actuary to take into account the impact on the Council's pension fund numbers, as a result of the McCloud judgement, which occurred after the publication of draft accounts on 31 May 2019.</p> <p>The revised report resulted in an increase in the Council's pension fund liability of £15.4m, which was adjusted in the final accounts approved on 30 July 2019. This adjustment did not impact on the Council's level of useable reserves.</p> <p>Our audit work did not identify any other significant issues.</p>

Audit of the Financial Statements

Audit opinion

We gave an unqualified 'clean' opinion on the Council's financial statements on 8 August 2019.

Our opinion was issued shortly after the original target date of 31 July, this was in relation to us concluding the audit documentation on our audit file to ensure it was complete as at the date we issued our audit opinion. It was our decision to sign our audit opinion a short period after the target date and this was not as a result of any issues in relation to the Council's accounts or supporting working papers provided.

Preparation of the financial statements

The Council presented us with draft financial statements in accordance with the national deadline, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

Issues arising from the audit of the financial statements

We reported the key issues from our audit to the Audit Committee on 30 July 2019.

Annual Governance Statement and Narrative Report

We are required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website alongside the Statement of Accounts in line with the national deadlines.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Council and with our knowledge of the Council.

Whole of Government Accounts (WGA)

We carried out work on the Council's Data Collection Tool in line with instructions provided by the NAO. We issued an assurance statement which did not identify any issues for the group auditor to consider.

Certificate of closure of the audit

We certified that we have completed the audit of the financial statements of Rotherham Metropolitan Borough Council in accordance with the requirements of the Code of Audit Practice on 22 August 2019.

3. Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in November 2017 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the risks where we concentrated our work.

The risks we identified and the work we performed are set out overleaf. We identified two risks in our audit plan presented to the Audit Committee in January 2019 and one additional risk after to the draft accounts were presented for audit on 31 May 2019.

As part of our Audit Findings (ISA260) report presented to the Audit Committee in July 2019, we agreed two recommendations to address our findings.

Overall Value for Money conclusion

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2019.

Risks identified in our Audit Plan	How we responded to the risk	Findings and conclusions
<p>Financial standing – delivery of 2018-19 budget and savings plan and achievement of Medium Term Financial Strategy (MTFS)</p> <p>The Council, in line with other local authorities, continues to operate under significant financial pressures. The Council's latest revenue position published at end of month 6 (latest available at the time of our Audit Plan) highlighted that further actions were required to reduce forecast expenditure by £3.1m in order to deliver a balanced budget at month12. Our further discussions with management indicated this has been reduced by £2m by December 2018, leaving an amount of c£1m to be managed to result in a balanced budget outturn position by the year-end.</p> <p>The MTFS notes the requirement for additional savings in the next two years of £15.8m (2019-20) and £13.9m (2020-21) which need to be delivered in order to achieve a balanced budget. We were aware (January 2019) that a two year balanced budget is currently being compiled by the Council and will be published after January 2019.</p>	<p>As part of our work we:</p> <ul style="list-style-type: none"> • reviewed key financial and operational documents including the final outturn report for 2018-19 • discussed key relevant financial matters with senior management. 	<p>The Council's final outturn position for 2018-19 was a balanced position. The 2018-19 budget proposed a planned use of corporate reserves of £5.2m as part of a budget contingency of £10m. However, the balanced position was achieved by requiring the use of £2m corporate reserves despite the significant financial and operational pressures the Council was under.</p> <p>There was an overall overspend against the approved 2018-19 budget (£216.9m) which was £9.6m. The key services that encountered overspend were adult social care (£15.6m) and children's services (£4.6m). This was mitigated by underspends on central services (£4.8m), budget contingency (£4.8m) and other (£1m). The actions taken to mitigate the £9.6m overspend included the use of Directorate balances (£3.9m), in year use of flexible capital receipts (£1.1m), approved education PFI reserves (£1.4m), use of budget contingency reserves (£2m) and other budgetary decisions (£1.2m). The Council also achieved its savings targets of £21.7m for 2018-19.</p> <p>The Council agreed a balanced budget for 2019-20 in February 2019. For 2019-20, there is a £15.8m budget gap before savings (£7.7m) and other adjustments (£8.1m). The Council has a financial management and monitoring system in place to oversee saving plan delivery and reporting. The Council, in line with most in the local authority sector, continues with increasing financial pressures in adult social care, children's services and reduced government funding, highlighting the challenge of maintaining financial resilience.</p> <p>The Council's MTFS was updated and approved in February 2019 covering the 3 years from 2019-20 to 2021-22. For 2020-21, there are proposals to bridge a £13.9m funding gap including savings plans. For 2021-22, the Council currently does not envisage any budget gap or new savings requirements.</p> <p>The Council undertook a review of all its General Fund Reserves during the year. This review established that some of the reserves were no longer needed for the purpose that they were originally established. Taking into account the achievement of proposed balanced budget for 2019-20, 2020-21 and savings plans, the reserves strategy estimates the Council will have £30.9m and £33.1m general fund reserves at the end of 2019-20 and 2020-21 respectively. This is excluding the DSG deficit reserve discussed further on page 13. This position improved by £3.2m as a result of 2018-19 final outturn.</p> <p>Our findings highlighted the challenging financial environment the Council operates. It has to be noted that the Comprehensive Spending Review, Fair Funding Review and outcome of Business Rates Retention have been delayed. This delay has not been conducive to the Council's ability to estimate sound financial planning for the medium term.</p> <p>We raised one recommendation around Delivery of 2019-20 budget, savings plan and achievement of MTFS.</p> <p>We considered the Council's arrangements to ensure it is financially resilient to deal with budgetary pressures and, overall, we were satisfied, proper arrangements were in place for the delivery of 2018-19 budget and savings plans. We concluded that the Council has proper arrangements in place for ensuring sustainable resource deployment.</p>

Risks identified in our Audit Plan	How we responded to the risk	Findings and conclusions
<p>Regulatory oversight of Children's Services</p> <p>The Council has invested significantly in its Children's Services since the Jay report publication in August 2014 from a workforce and financial perspective. The Council's commitment to improving its Children's Services received a positive endorsement when the regulator, Ofsted, awarded the Council a rating of 'good' for its Children's Services in January 2018.</p> <p>In addition the government-appointed commissioners, in place at the Council since 2015, formally handed back control of Council decision making to Members in September 2018.</p> <p>We were aware that the Council has requested the commissioners to perform a review of Children's Services which is expected to report back by 31 March 2019. This review was expected to give an indication as to whether the quality of services has been maintained since the commissioners handed back control.</p> <p>We considered external inspections and related reports on Children's Services at the Council as part of our VFM work.</p>	<p>As part of our work we:</p> <ul style="list-style-type: none"> reviewed key third party independent reports including government publications discussed key relevant matters with senior management. 	<ul style="list-style-type: none"> As part of establishing the overall progress made by the Council in Children's Services, an independent Health Check was carried out in February and March 2018. The results of the Health Check was published in June 2018. The Health Check reported that, the speed and extent of the improvements delivered since 2015 were impressive and the Council had demonstrated that it is now fit to continue the Children's Services improvements without the Commissioner oversight. On top of the Ofsted report awarding a 'good' rating in January 2018 and the independent Health Check outcomes in June 2018, the Commissioner Team finally recommended to the Secretary of State for Housing and Communities and Local Government (SoS), the intervention at the Council could be concluded. In September 2018, the SoS revoked the directions imposed on the Council and stood down the Commissioners. In doing so, the SoS set a requirement for the Council to submit an independent review of Council's performance by 18th February 2019. The Council commissioned the previously appointed commissioners with support from the Local Government Association (LGA) to undertake this review. The purpose of this review was to establish Council's performance in relation to; political and managerial leadership including effective working between members and officers, organisational culture and governance, quality of partnership working, delivery against strategic priorities, delivery of the MTFS, progress against the Ofsted recommendations. This review was carried out in February 2019 and the report was sent to the Council on 14 February 2019. The report noted that the pace of improvement across the Council had increased beyond the Commissioner's expectations and that give assurance that the Council was compliant with the best value duty. The report concluded that, <i>"Rotherham Council has made significant progress over the last 12 months and is on the right trajectory for sustained improvement. Like other councils it faces some significant challenges particularly in finance and managing demand, which will test its capacity and resolve. Members and officers show grip, confidence and competence, all of which bode well for the future"</i>. As a result of these findings, on 27 March 2019, the SoS wrote to the Council indicating the Directions relating to the governance of the Council could lapse on 31 March 2019 as the SoS saw no evidence that suggested the Government should seek to extend the Directions. The SoS also acknowledged with the Independent Reviewers that Rotherham is now an authority fit for purpose, able to operate fully without the need for any oversight from Government. <p>There was clear evidence from independent sources, as described above, to demonstrate the significant progress and achievements the Council has made since the Jay report publication in August 2014.</p> <p>We concluded that the Council has proper arrangements in place for sound governance and informed decision making around Children's Services at the Council.</p>

Risks identified <u>after</u> the Audit Plan	How we responded to the risk	Findings and conclusions
<p>Dedicated School Grant Reserve: £15.1m deficit position and recovery plan</p> <p>Our review of Council's draft 2018-19 accounts presented for audit highlighted that Dedicated School Grant (DSG) reserve was in material deficit of £15.1m as at 31 March 2019. This is an increase of £5.4m during 2018-19 period.</p> <p>During 2017-18 the reserve increased by £4.5m to £9.6m. Therefore, in two year period, the DSG deficit has increased by c10m.</p> <p>This is a significant increase during a time where the Council is undergoing increasing pressures for its services resulting other financial challenges.</p> <p>As a result, we considered this as an additional significant risk for our Value for Money conclusion work in 2018-19.</p>	<p>As part of our work we:</p> <ul style="list-style-type: none"> • reviewed guidance issued by DSG and ESFA • Reviewed Council's DSG recovery plan • discussed key relevant matters with senior management. 	<p>From 2018-19, all local authorities with a cumulative Dedicated Schools Grant (DSG) deficit of 1% or more at the end of the financial year must submit a recovery plan to the Education and Skills Funding Agency (ESFA), showing how they will bring the deficit into balance in a three year time frame</p> <p>A joint Department for Education and CIPFA statement released in June 2019 confirmed that both parties are committed to working with other stakeholders to clarify the legal basis for, and accounting treatment of, DSG deficits in time for the 2020-21 budget round and 2019-20 accounts closure. The Statement also confirms that the CIPFA Local Authority Accounting Panel (LAAP) considered the issue for 2018-19 and noted concerns regarding the presentation of an earmarked deficit DSG reserve, particularly given that there is not a clearly identified legislative basis for the ring-fencing of DSG deficits.</p> <p>If a Council feels that a three-year time frame is not realistic, it will be able to submit with its plan evidence that states how this may not be achievable. ESFA will review each recovery plan on a case by case basis and will decide if they can accept a recovery plan that leaves some or all of the deficit accumulated to date outstanding. This would result in the Council carrying forward the agreed deficit and it would not require this to be recovered within the three-year period.</p> <p>Our discussions with the senior management indicated that the Council has submitted a 3 year DSG recovery plan in line with guidance to ESFA. We noted the recovery plan submitted does not recover the deficit over 3 year period but tries to reduce the rate of increase over the next 3 years to a minimum with a planned increase of £2.5m from 2018-19 year end.</p> <p>The Council was still awaiting a response from ESFA in relation to the submitted plan and it intends to discuss this with ESFA in due course. The Council also produced a report (as required by the guidance) to Schools Forum setting out the reasons why the DSG deficit has increased in recent years and its plan to reduce the rate of increase in the deficit over the coming 3 years.</p> <p>The Monitoring report for the first 2 months of 2019-20 performance presented to the Cabinet in July highlighted the continuing significant financial pressures around DSG expenditure. The report highlighted challenges around rising numbers of children supported in specialist provision and the rising costs of Education Health Care (EHC) plans. .</p> <p>We discussed the Council's current accounting treatment for the DSG deficit. Whilst the use of a negative earmarked reserve is not a good practice, the net Usable Reserves position is appropriately stated. We concluded on that basis that the Council's Usable Reserves are properly stated and that as such a user of the financial statements will be able to take an informed view of the Council's overall level of balances and reserves based on the information within the statements.</p> <p>However, should the Council's level of DSG deficit continue to increase significantly (above the planned position) the effective call on the Council's general reserves will result in a reduced 'net' useable reserves position. General Fund (£16.8m), earmarked reserves (£21.3m) and school reserves (£3.4m) totalled £41.5m as at 31 March 2019 (which in itself was a reduction of £6.6m from 2017-18) but given the DSG position of £15.1m deficit, the net position of the Council's non-HRA revenue reserves is effectively £26.4m. Any continued reductions on reserves coupled within increases in the DSG deficit would place the Council's revenue reserves under real pressure.</p> <p>We concluded that the Council has proper arrangements in place for informed decision making in relation to DSG expenditure. However, we raised a recommendation in relation to monitoring of the Council's recovery plan following the significant increase of c£10m noted in the deficit over the past two years. Should the deficit continue to increase in 2019-20 this may have implications for our 2019-20 VFM conclusion.</p>

Appendix A: Reports issued and fees

We confirm below our final reports issued and fees charged for the audit and provision of non-audit services.

Reports issued

Report	Date issued
Audit Plan	January 2019
Audit Findings (ISA260) Report	July 2019
Annual Audit Letter	August 2019

Fees

	Planned £	Actual fees £	2017-18 fees £
Statutory audit	108,438	TBC – see table on right	140,828
Total fees	108,438	TBC	140,828

Non- audit fees for other services:	Fees £
Audit related services:	
• Housing Benefit Certification	15,826
• Pooling of Housing Capital Receipts	2,700
• DfT grant on Local Transport Major Projects (LTPMP)	3,000
Total audit related services	21,526

Non- audit services

There were no non-audit related services delivered in 2018-19. The amounts detailed above are fees agreed for audit related services to be undertaken by Grant Thornton UK LLP in 2018-19. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors.

None of the services provided are subject to contingent fees. We have not provided any other services in 2017-18 prior to our appointment as external auditors to the Council on 1 April 2018

Audit fee variation

As outlined in our Audit Plan, the 2018-19 scale fee published by PSAA of £108,438 assumes that the scope of the audit does not significantly change. There are a number of areas where the scope of the audit has changed, which has led to additional audit work. We noted this expectation in our ISA260 Report in July.

The areas of additional work and resulting fee implications are set out in the following table.

Area	Reason	Fee proposed £
McCloud: Assessing the impact of the McCloud ruling	The Government's transitional arrangements for pensions were ruled discriminatory by the Court of Appeal last December. The Supreme Court refused the Government's application for permission to appeal this ruling. As part of our audit we reviewed the revised actuarial assessment of the impact on the financial statements along with any audit reporting requirements.	3,000
Pensions: IAS 19 audit work	The Financial Reporting Council has highlighted that the quality of work by audit firms in respect of IAS 19 needs to improve across local government audits. Accordingly, we have increased the level of scope and coverage in respect of IAS 19 this year to reflect this.	3,000
Land and Building Valuation: work of experts	As above, the Financial Reporting Council has highlighted that auditors need to improve the quality of work on land and buildings valuations across the sector. We have increased the volume and scope of our audit work to reflect this.	3,000
Total		9,000

The proposed fee variations are subject to PSAA approval.



Public Report
Audit Committee

Committee Name and Date of Committee Meeting

Audit Committee - 26 September 2019

Report Title

Update Report on the Use of Surveillance and Acquisition of Community Data Powers

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)

Bal Nahal, Head of Legal Services
01709 823661 - bal.nahal@rotherham.gov.uk

Ward(s) Affected

Borough-Wide

Report Summary

This is a report to update the Audit Committee in its oversight role on the Council's use of surveillance and acquisition of communication data powers under the Regulation of Investigatory Powers Act 2000 (RIPA).

Recommendations

That the Audit Committee:

1. Notes that the Council has not made use of surveillance or acquisition of communication data powers under RIPA since it was last reported on 27th November, 2018.
2. Agrees to receive updated reports annually along with a review (updates/ amendments) to the Council's RIPA Policy.

List of Appendices Included

Copy of the Annual Statistics Return 2018

Background Papers

Revised Code of Practice - Covert Surveillance and Property Interference [Home Office, 2018]

Revised Code of Practice - Covert Human Intelligence Sources [Home Office, 2018]

<https://www.gov.uk/government/publications/covert-surveillance-and-covert-human-intelligence-sources-codes-of-practice>

Consideration by any other Council Committee, Scrutiny or Advisory Panel

None

Council Approval Required

No

Exempt from the Press and Public

No

Update Report on the Use of Surveillance and Acquisition of Communications Data Powers

1. Background

- 1.1 The Regulation of Investigatory Powers Act 2000 (RIPA) provides a mechanism to make it lawful for public bodies, such as local authorities, to use directed (i.e. covert) surveillance and covert human intelligence sources e.g. undercover officers and public informants for the purposes of the detection and prevention of crime. Any use of those powers has to be proportionate and necessary both in use and scope. The Council has a RIPA Policy that governs the use of those powers. The Policy was updated on 29th January, 2019.
- 1.2 RIPA also provides a mechanism for public bodies, such as local authorities, to acquire communications data where it is proportionate and necessary to do so for the purposes of the detection and prevention of crime. The Council has a separate Acquisition and Disclosure of Communication Data Policy to cover this activity. Typically this activity might include acquiring mobile phone subscriber details and details of itemised calls, but not the content of calls.
- 1.3 The Council's corporate policies in this regard make provision for the Audit Committee to oversee the operation of these policies by receiving reports on a 6 monthly basis to ensure that RIPA powers are being used in a manner consistent with the policy. This is the latest update report; however, as the Council has not used the powers for the last two years it is appropriate to reduce reporting to annually.

2. Key Issues

- 2.1 So far, since the last report, the Council has not used its powers under RIPA to use directed (i.e. covert) surveillance, covert human intelligence sources, e.g. undercover officers and informants or to acquire communications data. A statistical return was completed and sent to the Investigatory Powers Commissioners Office on the 29 March 2019.
- 2.2 The revised Home Office Codes of Practice advise that the elected members of a local authority should:
 - 2.2.1 Review the authority's use of RIPA and set the policy at least once a year; and
 - 2.2.2 Consider internal reports on use of RIPA on a regular basis to ensure that it is being used consistently with the local authority's policy and that the policy remains fit for purpose.
- 2.3 The RIPA Policy was reviewed by this Committee at its meeting on 29th January, 2019, and were re-adopted with minor amendments. The publication of the Revised Codes of Practice for Covert Surveillance and Property Interference and for Covert Human Intelligence Sources will require the RIPA policy to be reviewed again by January 2020, and the use of the powers to be reported in future at that meeting.

3. Options considered and recommended proposal

3.1 The recommendations in this report are to note that the Council has not used its RIPA powers since the last report.

4. Consultation on Proposal

4.1 The Home Office carried out a 6 week consultation on the Revised Codes of Practice.

5. Timetable and Accountability for Implementing this Decision

5.1 None.

6. Financial and Procurement Advice and Implications

6.1 There are no Financial and Procurement implications.

7. Legal Advice and Implications

7.1 Legal implications are considered in the main body of this report.

8. Human Resources Advice and Implications

8.1 There are no Human Resources implications.

9. Implications for Children and Young People and Vulnerable Adults

9.1 There are no direct implications for children and young people and vulnerable adults.

10. Equalities and Human Rights Advice and Implications

10.1 Adherence to the Council's policies and the statutory guidance in relation to the use of RIPA and the Acquisition of Communication Data powers should ensure that the any actions taken are in accordance with human rights.

11. Implications for Partners

11.1 There are no direct implications for partners or other directorates.

12. Risks and Mitigation

12.1 As above at paragraph 2.2 the statutory guidance requires oversight by elected members on the use of RIPA powers and to ensure policies remain fit for purpose. A failure to follow this guidance would increase the risk of misuse of RIPA powers and intervention by the Investigatory Powers Commissioner.

13. Accountable Officer(s)

Bal Nahal, Head of Legal Services

Report Author: Bal Nahal, Head of Legal Services
01709 823661 - bal.nahal@rotherham.gov.uk

This report is published on the Council's [website](#).



Investigatory Powers
Commissioner's Office

Annual Statistical Return 2018

Name of Public Authority: Rotherham Metropolitan Borough Council
Date Period Covered: 1st January 2018 - 31st December 2018
Completed by: Elizabeth Louise Anderton
Contact Phone: 1709823736
Contact Email: elizabeth.anderton@rotherham.gov.uk

Explanatory Notes

Please complete this worksheet to ensure that all annual returns are received by IPCO in a consistent format. This worksheet is designed to be completed electronically. Once completed please return to info@ipco.org.uk.

Please complete all fields. Even if to only enter a nil or zero return.

Juvenile CHIS age statistics are to be entered separately on the additional lines provided e.g. 3 applications at age 16, 2 applications at age 17.

Any AOB or comments can be entered in the provided box to the top-right of the returns. Should you have any queries please email info@ipco.org.uk.

In collecting these statistics we are aware of the sensitivities involved: please see Sir Adrian's covering letter which addresses this.

Name of Public Authority -
will be auto completed
from Cover Sheet.

Description of the
investigatory power and
the relevant sections of
the codes of practice.

Statistics required within
the power.

Example, e.g. GCHQ	
Bulk Personal Dataset Code (BJP)	The number of applications for class BPD warrants submitted?
	The number of applications for class BPD warrants refused by the Secretary of State?
	The number of decisions to issue class BPD warrants not approved by a Judicial Commissioner?
	The number of occasions that a referral was made by the Secretary of State to the Investigatory Powers Commissioner, following the decision of a Judicial Commissioner to refuse the Secretary of State decision to issue class BPD warrants?
	The number of class BPD warrants issued by the Secretary of State and approved by a Judicial Commissioner?
	The number of times approval has been given to select data for examination where the intention of the class BPD warrant is to identify or confirm a source of journalistic information?
	The number of times approval has been given to select for examination protected data relating to a member of a relevant legislature?
	The number of renewals of class BPD warrants that were made?
	The number of class BPD warrants that were cancelled?
	The number of class BPD warrants issued at the end of the calendar year?
	The number of modifications to add an operational purpose to the warrant, vary an operational purpose or remove an operational purpose from the class BPD warrant?
	The number of urgent modifications to add an operational purpose to the class BPD warrant or vary an operational purpose of the class BPD warrant?
	The number of urgent modifications to add or vary an operational purpose (including on an urgent basis) of the class BPD warrant where the decision was refused by a Judicial Commissioner?
	The number of applications for specific BPD warrants submitted?
	The number of decisions to issue specific BPD warrants not approved by a Judicial Commissioner?
	The number of occasions that a referral was made by the Secretary of State to the Investigatory Powers Commissioner?

Stats Complete / Incomplete	Percentage of stats complete
Incomplete	0%

Additional comments for IPCO:

Space for additional comments for
IPCO's attention

Indication of progress in
completing returns

Returns to be entered here.

Rotherham Metropolitan Borough Council		Enter Stats below
Covert Human Intelligence Sources (CHIS) & Juvenile Covert Human Intelligence Sources (Juvenile CHIS)	The number of applications made for a CHIS authorisation?	0
	Of these, the number of applications made for a Juvenile CHIS authorisation?	0
	The number of CHIS authorisations successfully granted?	0
	Of these, the number of Juvenile CHIS authorisations successfully granted?	0
	The number of urgent applications made for a CHIS warrant?	0
	Of these, the number of urgent applications made for a Juvenile CHIS authorisations?	0
	The number of CHIS authorisations granted in an urgent case?	0
	Of these, the number of Juvenile CHIS authorisations granted in an urgent case?	0
	The number of CHIS authorisations that were renewed?	0
	The number of CHIS authorisations that were cancelled?	0
	The number of CHIS authorisations extant at the end of the year?	0
	The age of the Juvenile CHIS at the time of the authorisation's issue? (to be completed in rows below)	0
	Juvenile CHIS age at application	0
	Quantity	0
	Juvenile CHIS age at application	0
	Quantity	0
	Juvenile CHIS age at application	0
	Quantity	0
	Juvenile CHIS age at application	0
	Quantity	0
	Juvenile CHIS age at application	0
	Quantity	0
Directed Surveillance (RIPA & RPSA)	The number of applications made for a Directed Surveillance authorisation?	0
	The number of Directed Surveillance authorisations successfully granted?	0
	The number of urgent applications made for a Directed Surveillance authorisation?	0
	The number of Directed Surveillance authorisation granted in an urgent case?	0
	The number of Directed Surveillance authorisations that were cancelled?	0
	The number of Directed Surveillance authorisations extant at the end of the year?	0

Stats Complete / Incomplete	Percentage of stats complete
Complete	100%

Additional comments for IPCO:

Committee Name and Date of Committee Meeting

Audit Committee – 26 September 2019.

Report Title

Internal Audit Charter.

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

David Webster, Head of Internal Audit

Internal Audit, Finance and Customer Services

Tel. 01709 823282 Email: david.webster@rotherham.gov.uk

Ward(s) Affected

Borough-Wide.

Report Summary

The Internal Audit Charter is in effect the Terms of Reference of the Internal Audit department. They are aligned to the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN), which are mandatory for all Local Government audit departments. The Charter describes the Internal Audit mission, definition, core principles and code of ethics. Then it specifies Internal Audit's independence, authority, role, scope, responsibilities, the reports produced, relationships, resources and the work done with regards to fraud and consulting services. The Charter needs to be presented to Senior Management and approved by the Audit Committee each year. During 2019 the LGAN was updated and CIPFA also published a 'Statement on the Role of the Head of Internal Audit' which aligns to PSIAS. The Charter has been reviewed and updated slightly for 2019 to ensure it meets these requirements.

Recommendations

The Audit Committee is asked to approve the Internal Audit Charter as attached in Appendix A.

List of Appendices Included:-

Appendix A – Internal Audit Charter

Background Papers

Accounts and Audit (England) Regulations 2015.

Public Sector Internal Audit Standards, 2017.

CIPFA publication – Local Government Application Note for the United Kingdom

Public Sector Internal Audit Standards, 2019.

CIPFA Statement on the Role of the Head of Internal Audit in Public Services Organisations, 2019.

Committee on Standards of Public Life's Seven Principles of Public Life

Consideration by any other Council Committee, Scrutiny or Advisory Panel
No.

Council Approval Required
No.

Exempt from the Press and Public
No.

Internal Audit Charter

1. Background

- 1.1 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. These state:

“each principal 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.”

- 1.2 Public Sector Internal Audit Standards (PSIAS) state:-

“the purpose, authority and responsibility of the internal audit activity must be formally defined in an Internal Audit Charter, consistent with the Definition of Internal Auditing, Code of Ethics and Standards.”

- 1.3 Additionally, the Standards require the “chief audit executive” (in Rotherham’s case, the Head of Internal Audit), to periodically review the Internal Audit Charter and present it to the Audit Committee for approval.
- 1.4 The current Charter was produced in October 2018. During 2019 CIPFA has published an updated Local Government Application Note for PSIAS and a Statement on the Role of the Head of Internal Audit in Public Service Organisations. The attached revised Charter has been slightly updated to ensure it meets the requirements of PSIAS. The Charter has been presented to the Council’s Senior Leadership Team.

2. Key Issues

- 2.1 The main changes made to the current version of the Charter are:
- The Charter has been updated to refer to the CIPFA publications (Paras 1.3 to 1.5).
 - Where the Head of Internal Audit has other responsibilities, there must be safeguards in place to ensure that independence is not impaired. In practice this means the Head of Internal Audit not being involved in any capacity in any audit of these areas, with the audits being reported directly to the Strategic Director (Para 4.4).
 - Further detail on the role of Internal Audit in respect of Anti-Fraud and Corruption (Paras 11.3 to 11.5)
 - Further detail on ad hoc advice and Consulting Services provided by Internal Audit (Paras 13.2 to 13.3).

3. Options Considered and Recommended Proposal

- 3.1 This report is presented to enable the Audit Committee to fulfil its responsibility for overseeing the work of Internal Audit.

4. Consultation on Proposal

- 4.1 This section is not applicable to this report.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The Audit Committee is asked to receive this report at its September 2019 meeting.

6. Financial and Procurement Advice and Implications

- 6.1 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.

7. Legal Advice and Implications

- 7.1 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. These state:

“each principal 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.”

- 7.2 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”

8. Human Resources Advice and Implications

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

9. Implications for Children and Young People and Vulnerable Adults

- 9.1 The scope of Internal Audit's work, as defined in the Charter, will extend to all areas of the Council and its key risks, including CYPS and Adult Services.

10 Equalities and Human Rights Advice and Implications

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

11. Implications for Partners and Other Directorates

- 11.1 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.

12. Risks and Mitigation

- 12.1 As above the statutory guidance requires Internal Audit to be in place and supported by an Audit Charter, approved by Members. An effective Internal Audit Department helps to minimise the Council's exposure to risk.

13. Accountable Officer

David Webster, Head of Internal Audit.

Tel 01709 823282, E mail david.webster@rotherham.gov.uk



Internal Audit Charter 2019

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1. Introduction

- 1.1 The Internal Audit Charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. The internal audit charter establishes the activity's position within the organisation, including the nature of the Head of Internal Audit's functional reporting relationship with the 'board'; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the 'board'.
- 1.2 Internal Audit is a statutory requirement for local authorities. The two pieces of legislation that impact upon internal audit in local authorities are:
 - The Accounts and Audit (England) Regulations 2015 states that "each principal 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."
 - Section 151 of the Local Government Act 1972 requires every authority to make arrangements for the administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs. CIPFA has defined 'proper administration' in that it should include 'compliance with the statutory requirements for accounting and internal audit'.
- 1.3 The Internal Audit function is required to comply with Public Sector Internal Audit Standards (PSIAS). The PSIAS were published in 2013 and updated in 2016 and 2017 and encompass the mandatory elements of the Chartered Institute of Internal Auditors (CIIA) International Professional Practices Framework (IPPF) and CIPFA requirements in respect of local government and include the following:
 - Definition of Internal Auditing
 - Code of Ethics, and
 - International Standards for the Professional Practice of Internal Auditing
 - Mission Statement for Internal Audit
 - Core principles for Internal Audit
- 1.4 The latest Local Government Application Note, which sets out the requirements for local government internal audit was published by CIPFA in February 2019.
- 1.5 The CIPFA Statement on 'The Role of the Head of Internal Audit' published in 2019, aligns to the PSIAS, and explicitly links to the Core Principles, helping to demonstrate how the Head of Internal Audit role supports internal audit effectiveness.
- 1.6 PSIAS state that the charter must:
 - Define the terms 'senior management' and 'board' for the purposes of internal audit activity;

- Cover the arrangements for appropriate resourcing
- Define the role of internal audit in any fraud related work; and
- Include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities

1.7 Within Rotherham Council:

- 'chief audit executive' is the Head of Internal Audit
- 'board' refers to the Audit Committee;
- 'senior management' refers to the Chief Executive, Assistant Chief Executive and Strategic Directors.

1.8 The role of 'senior management' is not linked to a specific job title or pay grade, but includes the following key duties:-

- Input to the risk based internal audit plan;
- Receive periodic reports from the Head of Internal Audit on internal audit activity; that includes follow-up reports; and
- Receive the results of the quality assurance and improvement programme from the Head of Internal Audit.

1.9 The PSIAS lays out the role of a "board"., with the key duties being as follows:

- Approve the internal audit charter;
- Approve the risk based internal audit plan, including the approval of the internal audit budget and resource plan;
- Receiving communication from the Head of Internal Audit on internal audit performance relative to its plan and other matters;
- Receive an annual confirmation from the Head of Internal Audit with regard to the organisational independence of the internal audit activity;
- Receive the results of the quality assurance and improvement programme from the Head of Internal Audit;
- Make appropriate enquiries of the management and the Head of Internal Audit to determine whether there are inappropriate scope or resource limitations.
- Receive the Head of Internal Audit's Annual Report, timed to support the Annual Governance Statement.

1.10 The Head of Internal Audit reports functionally to the "board". The Internal Audit department is part of the Finance and Customer Services Directorate. The Head of Internal Audit reports administratively to the Strategic Director Finance and Customer Services.

2. Mission, Definition and Core Principles of Internal Audit

2.1 The Mission of Internal Audit articulates what internal audit aspires to accomplish within the organisation and PSIAS defines this as:

'To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.'

2.2 Internal Auditing is defined as:-

'Internal auditing 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'.

2.3 The standards include 10 core principles for the professional practice of internal auditing. These, taken as a whole, should be present and be operating effectively in an effective internal audit function. Failure to achieve any of the core principles would imply that an internal audit activity was not effective as it could be in achieving internal audit's mission. The ten Core Principles are listed as follows:-

- Demonstrates Integrity
- Demonstrates competence and due professional care
- Is objective and free from undue influence (independent)
- Aligns with the strategies, objectives and risks of the organisation
- Is appropriately positioned and adequately resourced
- Demonstrates quality and continuous improvement
- Communicates effectively
- Provides risk- based assurance
- Is insightful; proactive and future - focussed
- Promotes organisational improvement.

3. Code of Ethics

3.1 Anyone delivering internal audit work for the Council must comply with the PSIAS Code of Ethics. This covers:

Integrity

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement.

Internal Auditors:

- Shall perform their work with honesty, diligence and responsibility
- Shall observe the law and make disclosures expected by the law and the profession
- Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organisation
- Shall respect and contribute to the legitimate and ethical objectives of the organisation

Objectivity

Internal Auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant

circumstances and are not unduly influenced by their own interests or by others in forming judgements.

Internal Auditors:

- Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation
- Shall not accept anything that may impair or be presumed to impair their professional judgement
- Shall disclose all material facts known to them that ,if not disclosed, may distort the reporting of activities under review

Confidentiality

Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

Internal Auditors:

- Shall be prudent in the use and protection of information acquired in course of their duties
- Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation

Competency

Internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.

Internal Auditors:

- Shall engage only in those services for which they have the necessary knowledge, skills and experience
- Shall perform internal auditing services in accordance with the International Standards for the Professional Practice of Internal Auditing
- Shall continually improve their proficiency and effectiveness and quality of their services.

- 3.2 Internal auditors who work in the public sector must also have regard to the Committee in Public Life's Seven Principles of Public Life (the Nolan Principles).

4. Independence

- 4.1 The Council's Internal Audit Services is an appraisal and advisory function having independent status within the Council.

- 4.2 The Head of Internal Audit:

- Has direct access to the Leader, Chief Executive, the Strategic Director Finance and Customer Services, the Monitoring Officer, the External Auditor, the Chair and Members of the Council's Audit Committee and any other officer or member of the Council as the Head of Internal Audit shall determine.

- Is able to make appropriate provisions for the undertaking of an objective assessment of the resource requirements of Internal Audit Services.
- 4.3 Internal Audit activity is free from interference in determining the scope of activity, performing work and communicating results. It is independent of all activities that it audits to enable auditors to perform their duties in a way that allows them to make impartial and effective professional judgements and recommendations without giving rise to conflicts of interest. Internal Auditors have no direct operational responsibility or authority over any of the activities they review. Accordingly, they do not develop or install systems or procedures, prepare records, or engage in any other activity which would normally be audited. Internal Auditors will not be used on internal audit engagements where they have had direct involvement in the area within the last 12 months.
- 4.4 The Head of Internal Audit is a member of the Corporate Governance Group, tasked with the production of the Annual Governance Statement. He is also a Whistleblowing Officer, responsible with the Strategic Director Finance and Customer Services and the Monitoring Officer for the Whistleblowing Policy and procedures. He remains independent from the audit processes with regards to these areas, with any reviews carried out by a Principal Auditor reporting directly to the Strategic Director.
- 4.5 To further ensure the independence of the Head of Internal Audit, the Chief Executive and Chair of the Audit Committee provide feedback into his/her annual Performance Development Review.

5. Authority

- 5.1 The Head of Internal Audit and Internal Audit staff have the authority to:
- Enter any Council premises and access Council records, assets, personnel and premises, including accounting records, documents, invoices, vouchers, correspondence and other data, whether held manually or electronically, the examination of which is necessary for the proper performance of internal audit duties.
 - Require prompt response, every assistance, all information and explanation from any Council employees or Council Members necessary for the internal auditors to carry out their audit duties.
 - Require any officer of the Council to account for cash, stores or any other Council asset under their control.
 - Access as listed above, depending on the terms of the contract with the partner organisation, those items held by contractors / partner organisations that affect the business of Rotherham Council or its control environment.

6. Role and Scope of Internal Audit Work

- 6.1 Internal Audit must provide the Council with an annual independent and objective opinion on the adequacy and effectiveness of its risk management, control and governance processes.

6.2 This involves:

- Reviewing and appraising risks related to the achievement of objectives and business goals, and evaluating the adequacy and effectiveness of the system of internal control related to those risks;
- Appraising the relevance, reliability and integrity of information;
- Reviewing compliance with those policies, plans, procedures, statutory requirements and regulations which could have a significant impact on the achievement of the Council's objectives and business operations;
- Reviewing the means of safeguarding assets and as appropriate verifying the existence of such assets;
- Appraising the economy, efficiency and effectiveness with which resources are employed, and the delivery of services in a best value manner;
- Reviewing operations or projects to ascertain whether results are consistent with the Council's established objectives and goals and whether the operations or projects are being carried out as planned;
- Maintaining a program of review and assessment to enhance the integrity and usefulness of the Council's risk management processes;
- Maintaining a program of development, review and audit in relation to quality improvement and assurance methods;
- Assisting management in conducting special assignments and investigations into any matter or activity affecting the interests of the Council.

6.3 The internal audit coverage embraces the entire control environment of the Council, and extends to all areas of the Council and its controlled entities.

6.4 Particular attention is given to any aspects of the control environment affected by significant changes to the Council's risk environment.

6.5 Internal Audit completes advisory / consultancy work in agreement with senior management by responding to requests for audit reviews and by contributing to projects and working groups throughout the Council.

6.6 Internal Audit provides advice and practical support to service management in investigating fraud. Any allegation of fraud and corruption received is followed-up in accordance with the agreed procedures of the Anti-Fraud and Corruption Policy, Whistleblowing Policy and Disciplinary Procedures.

6.7 The Council also participates in the biennial National Fraud Initiative. Internal Audit administers the initiative.

6.8 Where the Council has entered into a partnership with other organisations the partnership arrangement will be subject to review. In addition, where Rotherham Council is the lead authority of a partnership or collaboration, the work undertaken will be subject to review by RMBC Internal Audit.

6.9 Internal Audit may undertake work for new clients by extending its work to third parties. All engagements will be performed in accordance with this Charter to an agreed schedule of audit days. The scope of Internal Audit's work for external

bodies is primarily to provide assurance relating to the bodies' systems of internal control, although the bodies might also ask for additional consultancy work to be conducted. Where appropriate, Internal Audit might also be asked to assist in or carry out investigations into suspected irregularities. Example of this work is where internal audit carry out work for Academies.

7. Responsibilities

- 7.1 It should be noted that internal audit is not responsible for the operation of control functions within the Council; these responsibilities rest with management. Internal audit should not be regarded as a substitute for good management.
- 7.2 The primary task of Internal Audit is to review the systems of internal control operating throughout the authority, and in doing this it adopts a predominantly risk-based approach to audit.
- 7.3 The Head of Internal Audit is required to manage the provision of a complete audit service to the Council that includes risk based, systems, and advisory audit in addition to the investigation of potential fraud and irregularity. In discharge of this duty the Head of Internal Audit has a responsibility to:
- Prepare and implement an effective strategic and annual internal audit plan, providing for the review of significant operations of the Council, based on an assessment of risk pertaining to the achievement of Council objectives;
 - Ensure that the scopes and boundaries of individual audit assignments are in line with the plan;
 - Highlight control weaknesses and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe;
 - Undertake follow up reviews and action tracking to ensure management has implemented agreed internal control improvements within specified and agreed timeframes;
 - Ensure a system of close supervision of audit work;
 - Maintain the appropriate auditing standards as defined by the PSIAS.
 - Maintain a Quality Assurance and Improvement Programme including annual internal assessments and external assessments at least every five years;
 - Report the results of assessments to the Audit Committee and state that the department conforms with the standards or disclose any non-conformance;
 - Develop, implement and have oversight of internal audit methods and procedures, including the maintenance of an Audit Manual;
 - Maintain knowledge, skills and expertise within the department specifically for the investigation of fraud and irregularity;
 - Liaise with the external auditor to provide consistent advice to management and the Audit Committee;
 - Prepare reports on audit and investigation activities for presentation to the Audit Committee, and other reports as may be required.

- Utilise designated internal audit resources to maximise the efficiency and effectiveness of the internal audit function.

8. Audit Reports

- 8.1 All standard audit assignments are the subject of formal reports. Draft reports are issued to the manager of the area under review. Debrief meetings are then held for agreement of the factual accuracy of findings and the necessary actions. After agreement, final reports are issued to management and the respective Strategic Director. The Head of Internal Audit considers the release of investigation reports on a case by case basis.
- 8.2 All reports that give an overall audit opinion of either “Partial Assurance” or “No Assurance” are submitted to the Chief Executive. A summary of reports is presented to SLT meetings to inform all Strategic Directors of areas of concern within the Council, and also sent to Cabinet Members.
- 8.3 Progress Reports are presented to the Audit Committee at every meeting summarising outcomes of audit activities. The reports contain significant findings and issues arising from the internal audit work undertaken
- 8.4 The Progress Reports include the tracking of audit recommendations, any agreed actions that are not implemented within the agreed timescales and any failure of managers to respond to internal audit reports and requests for information relating to the implementation of recommendations within the set time limits.
- 8.5 The Head of Internal Audit submits an annual report to the Audit Committee timed to support the Annual Governance Statement which includes:
- An annual Internal Audit Opinion on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control.
 - Any qualifications to the opinion, together with the reasons for those qualifications
 - Disclosure of any impairments to independence or objectivity
 - A summary of the audit work from which the opinion is derived (including reliance placed on work by other assurance bodies).
 - Any particular control weaknesses judged to be relevant to the preparation of the annual governance statement.
 - A comparison of work undertaken against planned work and a summary of performance of internal audit against performance targets
 - A statement on conformance with PSIAS and the results of the Internal Audit Quality Assurance and Improvement Programme.
- 8.6 In giving the opinion it should be noted that assurance can never be absolute, the most that can be provided is a reasonable assurance that there are no major weaknesses in governance, risk management and control processes.

9. Relationships

- 9.1 To provide optimum benefit to the organisation, internal audit works in partnership with management to improve the control environment and assist the organisation in achieving its objectives.
- 9.2 The internal audit function, as part of an effective process of service delivery, maintains good and effective working relationships with its clients and with those charged with responsibility for partner organisations.
- 9.3 It also maintains effective working relationships with the Audit Committee, the Chief Executive, the Strategic Director Finance and Customer Services, the Monitoring Officer, the External Auditor, other inspection and agency teams, and the Council's Members, management and employees.
- 9.4 Internal audit is not responsible for the management of the Council's risks; this is the responsibility of the Council's management. However, internal audit takes account of the corporate risk management processes in the way it relates to managers in the control of risks. Emphasis is placed on the importance of risk management to all managers in the Council as part of the delivery of the internal audit service. Internal Audit regularly reviews the Council's risk management arrangements as an integral aspect of its work.
- 9.5 Internal audit's work assists managers to better understand risk management. This is an important educational / informative role that adds value to the organisation where appropriate. All reports that have No Assurance or Partial Assurance are submitted to the Corporate Risk Manager to ensure that findings are considered for inclusion in risk registers to ensure they are kept up-to-date and relevant.
- 9.6 Where the Council has partnership arrangements, the Head of Internal Audit ensures that there is effective and efficient control environment which takes account of the governance, risk and control framework of the partner body, and that the risks associated with such an arrangement are subject to internal audit review. Suitable protocols are in place where these safeguard the Council's interests for effective internal audit.
- 9.7 Where there are incidents of fraud the Head of Internal Audit advises or intervenes as appropriate in ensuring that there is suitable involvement with the Police or other agencies and seeks to maintain effective working relationships with them.
- 9.8 Internal audit comments on the efficient, economic and effective use of resources, where appropriate, in both the routine internal audit work and also where specifically charged with evaluating value for money / efficiency improvements.

10. Resources and Prioritisation

- 10.1 Internal Audit endeavours to maintain an effective number of staff to undertake the required workload, supported by effective systems of operation. Internal

Audit applies staff in the most effective way in accordance with their experience and skills and in accordance with the PSIAS.

10.2 The Head of Internal Audit, s151 Officer and Audit Committee all have a responsibility to ensure Internal Audit has sufficient resources to enable it to fulfil its mandate. Significant matters that jeopardise the delivery of the plan or require changes to the plan will be identified, addressed and reported to the Audit Committee.

10.3 Internal Audit's annual planning process sets out clearly the range of work it expects to do.

- Risk Based Audits

This refers to our work on assessing the management of the key risks currently facing the Council.

- Systems Audits

This includes work on fundamental financial systems that helps the s.151 officer to fulfil his/her statutory responsibilities for proper financial administration and control.

- Advisory Work

This refers to our work on supporting continuous improvement by reviewing change projects and systems developments and by contributing to working groups

- Follow Up

This is the completion of full follow up reviews for selected audits, and the tracking of the implementation of audit recommendations.

- Responsive Work

This refers to responding to requests from management for additional work.

- Investigations

Responding to the need to investigate potential fraud and irregularity.

- Work for External Bodies

There is also some work arising that does not fall into these headings such as income earning work for external bodies such as audit work for academy schools.

10.5 The quantum of work is identified following a full assessment of risks across the Council and after taking into account other forms of assurance available to oversee and mitigate some risks identified (for example external audit work or improvement board activities).

10.6 Internal Audit prepares a plan of work each year. Resources to deliver the plan of work, in terms of the level of resources and the skills required, are identified at the planning stage of the audit. Both the Head of Internal Audit and the Strategic Director Finance and Customer Services satisfy themselves at the start of the year that there are sufficient resources in place at least to deliver the plan and to give an opinion on the Council's system of governance, risk management and internal control at the end of the year, and to ensure some coverage in other necessary areas in accordance with PSIAS.

- 10.7 Where there are any deficiencies arising in resources at any stage, the Head of Internal Audit and Strategic Director Finance and Customer Services will, firstly, try to provide additional audit support to the section. Where it becomes necessary to limit the amount of work it is possible for the Service to do, work for external parties, risk related work, follow up and responsive work will be reduced.
- 10.8 Internal Audit annually carries out a review of the skills within the team and any development needs, linked to operational requirements. Training and development is prioritised to reflect the needs of the service and individuals. This enables the service to maintain appropriate expertise for the delivery of the audit plan and strategy and to continuously adapt to new developments.
- 10.9 Where necessary, appropriate staff from within the Council or from external sources, will be obtained to complete specialist reviews.

11. Fraud and Corruption

- 11.1 Managing the risk of fraud and corruption is the responsibility of management; Internal Audit assists management in the effective discharge of this responsibility. There is a need for the Council to maintain an effective counter-fraud culture and the work of Internal Audit through testing for and preventing and detecting fraud contributes to the corporate counter fraud culture. There is a public expectation for public monies to be spent wisely and safeguarded against fraudulent activity. Accordingly, the section's audit plans provide for counter fraud activity.
- 11.2 Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected. Internal Audit does not have the responsibility for the identification, prevention or detection of fraud and corruption. Internal Audit will, however, be alert in all their work to risks and exposures that could allow fraud and corruption.
- 11.3 The Head of Internal Audit in conjunction with the Monitoring Officer, develops and maintains the Anti-Fraud and Corruption Policy.
- 11.4 Council Policy requires that where there is suspicion or detection of fraud or corruption by employees they report it to the appropriate manager, or if necessary, directly to the Chief Executive, Assistant Director Legal and Democratic Services or the Head of Internal Audit. Management will notify Internal Audit immediately, so that this can be considered when forming the overall opinion on the control environment and preparation and delivery of the Audit Plan. Depending on the nature and anticipated extent of the allegation(s), the Head of Internal Audit will normally work closely with management and other agencies, such as the Police, to ensure that the allegation(s) are properly investigated and reported so that maximum recoveries are achieved. If the irregularity or suspected irregularity involves theft or suspected theft of assets, it must be referred to the Police. In addition where a break-in is suspected, the Police must be informed immediately.

11.5 When notified of a suspected fraud, Internal Audit will consult with HR with regards to the disciplinary procedures and possible suspension of the employee concerned. They will then conduct an investigation in conjunction with management of the department. Internal Audit will prepare a report which may or may not lead to disciplinary action being taken. The report will also address any systems weaknesses and make recommendations for improvements to prevent a recurrence.

12. Performance Reporting

12.1 Performance indicators for Internal Audit are reported to each Audit Committee meeting and the Strategic Director Finance and Customer Services.

13. Definition of Consulting Services

13.1 The standards define consulting services as follows: “Advisory and client related service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation’s governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training.”

13.2 Internal Audit provides ad hoc advice to management on an ongoing basis. Time is allocated for this work in the audit plan.

13.3 Requests for any significant additional consulting services not already included in the audit plan will be submitted to the Audit Committee for approval prior to accepting the engagement.

Committee Name and Date of Committee Meeting:

Audit Committee - 26th September 2019

Report 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

Ward(s) Affected:

Borough-Wide.

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.

List of Appendices Included

Audit Committee Forward Work Plan.

Background Papers

Audit Committee Terms of Reference – Constitution, Appendix 9 Responsibilities and Functions, Section 5 Terms of Reference for Committees, Boards and Panels.

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

No

Council Approval Required:

No

Exempt from the Press and Public:

No

Audit Committee Forward Work Plan.

1. Background

- 1.1 The Audit Committee's Terms of Reference are published in the Constitution. The attached Forward Work Plan details how the committee meets those Terms of Reference.

2. Key Issues

- 2.1 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 Terms of Reference for the Audit Committee are designed to ensure the Committee meets the CIPFA standards.
- 2.2 The forward work plan is designed to ensure that the key Audit Committee responsibilities are fulfilled.

3. Options considered and recommended proposal

- 3.1 The work plan for the Audit Committee is a helpful guiding document 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.

4. Consultation on Proposal

- 4.1 Relevant officers and the Audit Committee were consulted in producing the work plan.

5. Timetable and Accountability for Implementing this Decision

- 5.1 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).

6. Financial and Procurement Implications

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

7. Legal Advice and Implications

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

8. Human Resources Advice and Implications

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

9. Implications for Children and Young People and Vulnerable Adults

- 9.1 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.

10. Equalities and Human Rights Advice and Implications

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

11. Implications for Partners

11.1 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.

12. Risks and Mitigation

12.1 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.

13. Accountable Officer:

David Webster, Head of Internal Audit

Report Author: David Webster, Head of Internal Audit
01709 823282 – david.webster@rotherham.gov.uk

Audit Committee Forward Work Plan

Meeting Date	Key Responsibility	Agenda Item	Author
26 th November 2019	Governance Risk and Control	Training – Code of Corporate Governance	Simon Dennis
	Treasury Management	External Audit and Inspection recommendations	Graham Saxton
	Governance Risk and Control	Mid-Year Report on Treasury Management	Simon Dennis
	Governance Risk and Control	Code of Corporate Governance	Simon Dennis
	Governance Risk and Control	Risk Management Strategy and Policy	Shokat Lal
	Governance Risk and Control	Risk Management Directorate Presentation – Assistant Chief Executive	Paul Woodcock
	Governance Risk and Control	Risk Management Directorate Presentation – Regeneration and Environment	David Webster
	Internal Audit / Governance Risk and Control	IA Progress Report	David Webster
	Governance Risk and Control	Anti-Fraud and Corruption Policy and Strategy Review	Graham Saxton
	Financial Reporting	Updates to Financial Procedures	Paul Vessey
	Governance Risk and Control	Information Governance Annual Report	David Webster
	Audit Committee Accountability	Audit Committee Forward Work Plan	

Meeting Date	Key Responsibility	Agenda Item	Author
28 th January 2020	External Audit	Training External Audit Progress Update	Grant Thornton / Graham Saxton
	Financial Reporting	Final Accounts closedown and accounting policies	Graham Saxton
	External Audit	External Audit Grants Report	Grant Thornton / Graham Saxton
	External Audit	Accounts Audit Plan	Grant Thornton / Graham Saxton
	Governance Risk and Control	Strategic Risk Register	Simon Dennis
	Governance Risk and Control	Risk Management Directorate Presentation – Finance and Customer Services	Judith Badger
	Internal Audit / Governance Risk and Control	IA Progress Report	David Webster
	Audit Committee Accountability	Audit Committee Forward Work Plan	David Webster

Meeting Date	Key Responsibility	Agenda Item	Author
24 th March 2020	Internal Audit	Training	
		IA Strategy and Plan	David Webster
	Internal Audit / Governance Risk and Control	IA Progress Report	David Webster
	External Audit	External Audit Progress Update	Grant Thornton / Graham Saxton
	Governance Risk and Control	Risk Management Directorate Presentation – CYPS	Jon Stonehouse
	Internal Audit	Public Sector Internal Audit Standards	David Webster
	Internal Audit	Internal Audit Quality Assurance and Improvement Plan	David Webster
	Audit Committee Accountability	Audit Committee Self-Assessment	David Webster
	Audit Committee Accountability	Audit Committee Forward Work plan	David Webster

Meeting Date	Key Responsibility	Agenda Item	Author
June 2020	External Audit	Training – Statement of Accounts External Audit Progress Update	Grant Thornton / Graham Saxton
	Financial Reporting	Draft Statement of Accounts	Graham Saxton
	Governance Risk and Control	Draft AGS	Judith Badger
	Governance Risk and Control	Review of Surveillance and use of Regulation of Investigatory Powers	Bal Nahal
	Governance Risk and Control	External Audit and Inspection Recommendations	Simon Dennis
	Governance Risk and Control	Risk Management Annual Report	Simon Dennis
	Internal Audit / Governance Risk and Control	IA Progress Report	David Webster
	Internal Audit	IA Annual Report	David Webster
	Governance Risk and Control	Risk Management Directorate Presentation – Adult Care and Housing	Anne Marie Lubanski
	Audit Committee Accountability	Audit Committee Forward Plan	David Webster

Meeting Date	Key Responsibility	Agenda Item	Author
July 2020		Training	
	Financial Reporting	Final Statement of Accounts	Graham Saxton
	Governance Risk and Control	Final AGS	Judith Badger
	External Audit	External Audit findings (ISA 260)	Grant Thornton / Graham Saxton
	External Audit	External Audit report on the Accounts	Grant Thornton / Graham Saxton
	Treasury Management	Annual Treasury Report	Graham Saxton
	Governance Risk and Control	Information Governance Annual Report	Paul Vessey
	Governance Risk and Control	Strategic Risk Register	Simon Dennis
	Audit Committee Accountability	Audit Committee Annual Report	David Webster
	Audit Committee Accountability	Audit Committee Forward Work Plan	David Webster
	Internal Audit	Private meeting	

Meeting Date	Key Responsibility	Agenda Item	Author
September 2020	External Audit	Training	
		External Audit Annual Letter	Grant Thornton / Graham Saxton
	Internal Audit	IA Charter review and update	David Webster
	Internal Audit / Governance Risk and Control	IA Progress Report	David Webster
	Governance Risk and Control	Risk Management Annual Report	Simon Dennis
	Governance Risk and Control	Risk Management Directorate Presentation – Assistant Chief Executive	Shokat Lal
	Governance Risk and Control	Anti-Fraud and Corruption Policy and Strategy review and update	David Webster
	Audit Committee Accountability	Audit Committee Forward Work Plan	David Webster

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of the Local Government Act 1972.

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