

AUDIT COMMITTEE

Date and Time :- Tuesday, 26 November 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.

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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 26th September, 2019 (herewith) (Pages 1 - 6)**
- 7. Mid-Year Treasury Management and Prudential Indicators Monitoring Report - 2019/20 (Pages 7 - 25)**
- 8. Information Governance Annual Report (Pages 26 - 35)**
- 9. External Inspections, Reviews and Audits Update (Pages 36 - 43)**

10. **Code of Corporate Governance (Pages 44 - 74)**
11. **Anti-Fraud and Corruption Policy, Strategy and Self-assessment against CIPFA Code of Practice (Pages 75 - 107)**
12. **Risk Management Policy and Guide Refresh 2019 (Pages 108 - 137)**
13. **Audit Committee Forward Plan (Pages 138 - 147)**
14. **Items for Referral for Scrutiny**
15. **Exclusion of the Press and Public**
Resolved:- That, under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12(1) of such Act indicated, as now amended by the Local Government (Access to Information) (Variation) Order 2006 (information relating to business and financial affairs).
16. **Internal Audit Progress Report for the period 1st September to 31st October 2019 (Pages 148 - 177)**
17. **External Assessment of Internal Audit (Pages 178 - 183)**
18. **Risk Management Directorate - Assistant Chief Executive (Pages 184 - 192)**
19. **Regeneration and Environment Directorate Risk Register (Pages 193 - 205)**
20. **Date and time of next meeting**
Tuesday, 28th January, 2020 commencing at 2.00 p.m.



Chief Executive.

Membership 2018/19
Chair – Councillor Wyatt.
Vice-Chair – Councillor Walsh
Councillors Cowles, Wilson and Vjestica
Independent Member – Mr. B. Coleman

AUDIT COMMITTEE
26th September, 2019

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

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

An apology for absence was received from Bernard Coleman (Independent Person).

28. DECLARATIONS OF INTEREST

There were no Declarations of Interest made at the meeting.

29. QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS

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

30. MINUTES OF THE PREVIOUS MEETING HELD ON 30TH JULY, 2019

Consideration was given to the minutes of the previous meeting of the Audit Committee held on 30th July, 2019.

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

31. EXTERNAL AUDIT ANNUAL REPORT

Gareth Mills, Grant Thornton, reported that they had now concluded their 2018/19 audit and had issued their audit certificate on 8th August, 2019, after the original target date of 31st July. This was in relation to Grant Thornton concluding the audit documentation on their audit file to ensure it was complete as at the date they issued their audit opinion. This had been Grant Thornton's decision and not as a result of any issues in relation to the Council's accounts or supporting working papers provided. Both the audit certificate and notice of conclusion of audit had been published on the Council's website.

The audit work had been carried out in accordance with the National Audit Office's Code of Audit Practice which reflected the requirements of the Local Audit and Accountability Act 2014. The key responsibilities were to:-

- Give an opinion on the Council's financial statements
- Assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion)

The main headlines from the Annual Audit Letter in relation to the accounts and other audit responsibilities were that:-

- An unqualified 'clean' opinion on the Authority's financial statements issued on 8th August
- Presentational changes
- Revised report in light of the McCloud judgement resulting in an increase in the Council's pension fund. This adjustment did not impact on the Council's level of useable reserves
- An assurance statement had been issued which did not identify any issues for the group auditor to consider in relation to the Council's Data Collection Tool
- 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
- An unqualified conclusion on the Authority's arrangements to secure Value for Money (VFM) for 2018/19 on 8th August, 2019
- Concluded that proper arrangements were in place for sound governance and informed decision making around Children's Services
- The Annual Governance Statement approved at the July Audit Committee (Minute No. 20 refers), was consistent with Grant Thornton's understanding and compliant with the CIPFA/SOLACE framework on good governance in local government
- Proper arrangements in place for informed decision making in relation to the Dedicated School Grant expenditure. However, should the deficit continue to increase in 2019-20, it may have implications for the 2019-20 VFM conclusion
- The Council's consolidation pack prepared to support the production of Whole of Government Accounts by HM Treasury was consistent with the audited financial statements
- There were no high priority recommendations or other matters that needed to be brought to the attention of the Audit Committee

Resolved:- That the final Annual Audit Letter 2018/19 presented to the Council by its external auditors, Grant Thornton, be noted and approved for publication on the Council's website.

32. UPDATE REPORT ON THE USE OF SURVEILLANCE AND ACQUISITION OF COMMUNITY DATA POWERS

Bal Nahal, Head of Legal Services, presented an update on the use of covert surveillance and covert human intelligence sources (CHIS) carried out by Council officers under the Regulation of Investigatory Powers Act 2000 (RIPA).

As previously with the Office of Surveillance Commissioners (OSC), the Council was required to notify IPCO of the number of directed surveillance/CHIS authorisations granted in each financial year. Since the last report, the Council had not used its powers under RIPA to use directed surveillance, covert human intelligence sources or to acquire communications data. A statistical return was completed and submitted to the Investigatory Powers Commissioners Office on 29th March, 2019.

The Council's corporate policies made 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 were being used in a manner consistent with the Policy. This was the latest update report, however, as the Council had not used the powers for the last 2 years, it was appropriate to reduce reporting to an annual basis.

The Council's Policies were considered by the Committee on 29th January, 2019, and 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 would 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.

Resolved:- (1) That it be noted that the Council had not made use of surveillance or acquisition of communication data powers under RIPA since the previous report on 27th November, 2018.

(2) That further updates be submitted annually together with a review (updates/amendments) to the Council's RIPA Policy with the provision of submission of exception reports as and when required.

33. INTERNAL AUDIT CHARTER

Further to Minute No. 33 of the meeting of the Audit Committee held on 2nd October, 2018, David Webster, Head of Internal Audit, presented the revised Internal Audit Charter.

The Charter, which in effect was the Terms of Reference of the Internal Audit Department, was aligned to the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN) which was mandatory for all Local Government audit departments. During 2019 the LGAN had been updated as well as CIPFA publishing a 'Statement on the Role of the Head of Internal Audit' aligned to PSIAS.

The Charter had been reviewed and updated slightly for 2019 to ensure it met those requirements.

The main changes were:-

- Updates to refer to the CIPFA publications
- Where the Head of Internal Audit had other responsibilities, there must be safeguards in place to ensure that independence was not impaired
- Further detail on the role of Internal Audit in respect of Anti-Fraud and Corruption
- Further detail on ad hoc advice and consulting services provided by Internal Audit

It was noted that the Professional Standards for Internal Audit were set out in the UK Public Sector Internal Audit Standards and required an independent assessment of Internal Audit at least every 5 years. The last external review took place 4 years ago; a report was to be submitted to the November meeting of the Committee proposing bringing forward the external review and to discuss the way forward.

Resolved:- That the Internal Audit Charter, as now submitted, be approved.

34. AUDIT COMMITTEE FORWARD PLAN

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

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

35. ITEMS FOR REFERRAL FOR SCRUTINY

There were no items for referral for Scrutiny.

36. 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 items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12(A) of such Act indicated, as now amended by the Local Government (Access to Information) (Variation) Order 2006 (information relates to finance and business affairs).

37. INTERNAL AUDIT PROGRESS REPORT

Consideration was given to a report presented by David Webster, Head of Internal Audit, which provided a summary of Internal Audit work completed during 1st June to 31st August, 2019, and the key issues that had arisen therefrom.

20 audits had been finalised since the last Committee meeting which included 7 receiving Substantial Assurance, 9 Reasonable Assurance and 4 Partial Assurance. Audit opinions and a brief summary of all audit work concluded since the previous meeting were set out at Appendix B.

Internal Audit also carried out unplanned responsive work and investigation into any allegations of fraud, corruption or other irregularity. 2 reports of this type had been issued since the last meeting (Appendix C).

Internal Audit's performance against a number of indicators was summarised in Appendix D which showed that target performance had not been achieved for audits completed within planned time and chargeable time which had been affected by annual leave. Appendix E showed the number of outstanding recommendations that had passed their original due date, age rated. For those over 120 days old the detail was then given, where they had been deferred the comment received from the Manager was given and where there was no change to the due date or comment, the Manager had not updated the system. There had been an overall reduction in the total of aged outstanding actions since the last report reducing from 29 to 22.

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

- Staffing of the Audit Team
- Licensing
- Direct Payments
- Document Management
- Contract Manuals

Resolved:- (1) That the Internal Audit work undertaken since meetings of the Audit Committee, 1st June to 31st August, 2019, and the key issues arising therefrom be noted.

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

(Exempt under Paragraph 3 of the Act – information relates to finance and business affairs)

38. RISK MANAGEMENT SUMMARY OF ACTIVITY 2018-19

Simon Dennis, Corporate Risk Manager, presented an annual summary of risk management activity in accordance with the Risk Management Standard ISO31000.

The report summarised the principal risk management activity that had been carried out in the Council throughout the past financial year. It covered a wider range of topics than those reported on the Strategic Risk Register reports and aimed to cover not only the key movements in Strategic Risks that had occurred over the period, but also the key elements of the Council's activity throughout the year.

The report set out:-

- Risk Management Responsibilities
- Training Summary
- Risk Management Process
- Current Risk Profile
- Future Developments.

Individual Service Management Teams and Directorate Leadership Teams had reviewed their Risk Registers in line with the Risk Management Policy and Strategy, typically every 4-6 weeks. Throughout the year, the Strategic Risk Register was formally reviewed by the Strategic Leadership Team (SLT) both at joint Strategic Leadership Team/Assistant Directors Performance Management meetings and at separate SLT meetings. These would continue throughout the coming financial year at 3 monthly intervals.

The Strategic Risk Register was also reported regularly to this Committee together with the annual "Deep Dives" of Directorate Risk Registers.

The total number of strategic risks included on the Risk Register had reduced from 18 to 13 over the period February, 2018 to July 2019. 5 risks had been removed from the Corporate Strategic Register with none being added. Of the risk that remained, 9 had a decreasing risk score and 4 had been constant.

Resolved:- That the annual summary of Risk Management activity be noted.

(Exempt under Paragraph 3 of the Act – information relates to finance and business affairs)

39. DATE AND TIME OF NEXT MEETING

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

Committee Name and Date of Committee Meeting

Audit Committee – 26 November 2019

Report Title

Mid-Year Treasury Management and Prudential Indicators Monitoring Report – 2019/20

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)

Rob Mahon, Head of Corporate Finance
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Ward(s) Affected

Borough-Wide

Report SummaryMid-Year Treasury Review

The regulatory framework of treasury management requires that the Council produces a mid-year treasury review, this being in addition to the forward looking annual treasury strategy and backward looking annual treasury report.

This report is the mid-year review for 2019/20. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's prudential indicators (PIs).

It is also a requirement that any proposed changes to the 2019/20 prudential indicators are approved by Council.

The monitoring as set out in the Appendix to the report is structured to highlight the key changes to the Council's capital activity (the PIs) and the actual and proposed treasury management activity (borrowing and investment).

The key messages for Members are:

- a. Investments - the primary governing principle remains security over return and the criteria for selecting counterparties continues to reflect this.
- b. Borrowing - The Council's Treasury Management Strategy provides the option for the Council to take out up to £60m of new long-term borrowing by 2019/20 to reduce the amount of under-borrowing over time. However, the Council will maintain its strategy of being significantly under-borrowed against the capital financing requirement, as the most cost effective approach in the current financial climate. This position will remain under review and an update of the strategy will be presented to Members within the Budget and Council Tax 2020/21 report to Council in February 2020.
- c. Governance - strategies and monitoring are undertaken by Audit Committee.

Recommendations

1. Audit Committee is asked to note the contents of the report.

List of Appendices Included

Appendix – Mid-Year Treasury Management and Prudential Indicators Monitoring Report – 2019/20.

Background Papers

Budget and Council Tax Setting Report 2019/20 to Council on 27th February 2019, Including the Treasury Management Strategy 2019/20

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No.

Council Approval Required

No

Exempt from the Press and Public

No.

1. Background

- 1.1 **Mid-Year Treasury Review** – The CIPFA Treasury Management Code of Practice includes a requirement that the Council receive a mid-year treasury review, in addition to the forward looking annual treasury strategy and backward looking annual treasury report required previously.
- 1.2 This review as fully set out in the Appendix meets the revised requirement as set out in section 2.1 above. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's prudential indicators (PIs). The Treasury Management Strategy and PIs were previously reported to Cabinet on 18th February 2019 and approved by Council on 27th February 2019.

2. Key Issues

- 2.1 Mid-Year Treasury Review – The review as set out in the Appendix provides Members with details of mid-year performance against the plan.
- 2.2 The key messages for Members are:
 - A. Investments - the primary governing principle remains security over return and the criteria for selecting counterparties continues to reflect this.
 - B. Borrowing - The Council's treasury management strategy provides the option for the Council to take out up to £60m of new long-term borrowing by 2019/20 to reduce the amount of under-borrowing over time. However the Council will maintain its strategy of being significantly under-borrowed against the capital financing requirement, as the most cost effective approach in the current financial climate. This position will remain under review and an update of the strategy will be presented to Members within the Budget and Council Tax 2020/21 report to Council in February 2020.
 - C. Governance - strategies and monitoring are undertaken by Audit Committee.

3. Options considered and recommended proposal

- 3.1 Mid-Year Treasury Review – The review as set out in the Appendix indicates performance is in line with the plan and no proposals to vary the approach for the remainder of the year are proposed.

4. Consultation on proposal

- 4.1 The continuing approach to treasury management has been discussed with the Council's external Treasury Management Advisers, Link Asset Services, who have confirmed this is a prudent approach given current market conditions.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The report is for Audit Committee information and noting.

6. Financial and Procurement Advice and Implications

- 6.1 Treasury Management forms an integral part of the Council's overall financial arrangements.
- 6.2 The assumptions supporting the capital financing budget for 2019/20 and for future years covered by the Council's MTFS were reviewed in light of economic and financial conditions and the capital programme.
- 6.3 The current strategy is to maintain the Council's position of being significantly under-borrowed against the Capital Financing Requirement and to optimise cash-flows by using short-term loans rather than taking out new longer term debt. This strategy takes advantage of the low interest rates currently available for short term loans and generates savings against the 2019/20 budget which are reflected in the financial monitoring reports.

7. Legal Advice and Implications

- 7.1 It is a requirement that changes to the Council's prudential indicators are approved by Council

8. Human Resources Advice and Implications

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

9. Implications for Children and Young People and Vulnerable Adults

- 9.1 The report does not impact the Children's and Adult Social care budgets.

10. Equalities and Human Rights Advice and Implications

- 10.1 There are no implications arising from this report to Equalities and Human Rights.

11. Implications for Partners

- 11.1 There are no implications arising from this report to Partners or other directorates.

12. Risks and Mitigation

- 12.1 Regular monitoring of treasury activity ensures that risks and uncertainties are addressed at an early stage and hence kept to a minimum.

13. Accountable Officers

Graham Saxton, Assistant Director – Financial Services

Rob Mahon, Head of Corporate Finance

Approvals obtained on behalf of Statutory Officers:-

	Named Officer	Date
Chief Executive	Sharon Kemp	Click here to enter a date.
Strategic Director of Finance & Customer Services (S.151 Officer)	Graham Saxton	Click here to enter a date.
Head of Legal Services (Monitoring Officer)	Bal Nahal	Click here to enter a date.

Report Author: Rob Mahon, Head of Corporate Finance

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

Mid-Year Prudential Indicators and Treasury Management Monitoring**1. Introduction and Background**

- 1.1 The CIPFA Treasury Management Code of Practice includes a requirement that the Council receive a mid-year treasury review, in addition to the forward looking annual treasury strategy and backward looking annual treasury report required previously.
- 1.2 This report meets that revised requirement. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's prudential indicators (PIs). The Treasury Management Strategy and PIs for 2019/20 were previously reported to Cabinet on 18th February 2019 and approved by Council on 27th February 2019.
- 1.3 The Council's revised capital expenditure plans and the impact of these revised plans on its financing are set out below in Sections 2.2 and 2.3 respectively. The Council's capital spending plans provide a framework for the subsequent treasury management activity. Section 3 onwards sets out the impact of the revised plans on the Council's treasury management indicators.
- 1.4 The underlying purpose of the report supports the objective in the revised CIPFA Code of Practice on Treasury Management and the Communities & Local Government Investment Guidance. This states that Members receive and adequately scrutinise information on the treasury management service.
- 1.5 The underlying economic and financial environment remains difficult for the Council, foremost being the improving, but still challenging, concerns over investment counterparty risk. This background encourages the Council to continue maintaining investments short term and with low risk counterparties. The downside of such a policy is that investment returns remain low.
- 1.6 As the Council continues to utilise the short term borrowing market to generate interest rate savings as part of approved budget plans, the level of short term borrowing will continue to rise. As a result of this the Council needs to increase its prudential indicator for borrowing volumes with a maturity date less than 12 months, currently set at 35% of total borrowing. This change would come into effect as part of the Treasury Management Strategy for 2020/21 to be put to Council for approval in February 2020.
- 1.7 On 9th October PWLB made a significant change to their long term borrowing rates increasing them all by 1%. The primary aim of which was to reduce the level of commercial activities that some councils are borrowing to fund, due to the inherent risks within these types of investments. The immediate impact of this decision is to return PWLB rates to the levels that they were around 12 months ago. The Council keeps interest rates under constant review within its borrowing strategies and decisions on the mix of long-term and short-term borrowing.

- 1.8 The Strategic Director for Finance & Customer Services can report that the basis of the Treasury Management Strategy, the Investment Strategy and the PIs (aside from the under 12 months indicator referenced above) have not changed from that set out in the approved Treasury Management Strategy (February 2019).

2. **Key Prudential Indicators**

- 2.1. This part of the report is structured to update:

- The Council's latest capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the PIs and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

2.2 **Capital Expenditure (PI)**

- 2.2.1 This table shows the current forecast estimates for capital expenditure. This position reflects slippage on the capital programme for 2018/19 which was rolled into 2019/20, as reported in the financial outturn report to Cabinet in July 2019, and new scheme approvals during the year.

Capital Expenditure by Service	2019/20 Original Estimate £m	2019/20 Revised Estimate £m
Children and Young People's Services	9.288	12.508
Assistant Chief Executive	1.338	0.627
Adult Care & Housing	4.069	4.764
Finance and Customer Services	5.187	7.072
Regeneration and Environment	39.374	46.314
Capitalisation Direction	2.000	2.000
Total Non-HRA	61.256	73.284
Adult Care & Housing – HRA	41.888	50.444
Total HRA	41.888	50.444
Total	103.144	123.729

2.3 **Impact of Capital Expenditure Plans**

2.3.1 **Changes to the Financing of the Capital Programme**

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the expected financing arrangements of this capital expenditure.

Capital Expenditure	2019/20 Original Estimate £m	2019/20 Revised Estimate £m
Total spend	103.144	123.729
Financed by:		
Capital receipts	7.324	19.272
Capital grants, capital contributions & other sources of capital funding	60.630	70.054
Borrowing Need	35.190	34.403
Total Financing	103.144	123.729
Unsupported Borrowing	35.190	34.403
Borrowing Need	35.190	34.403

The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision (MRP)). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

2.3.2 The decrease in borrowing need for 2019/20 (£0.787m) reflects the re-profiling of capital expenditure & financing and the replacement of planned borrowing with new grant allocations.

2.3.3 **Changes to the Capital Financing Requirement (PI), External Debt and the Operational Boundary (PI)**

The table below shows the CFR, which is the underlying external need to borrow for a capital purpose. It also shows the expected debt position over the period. This expected debt position has previously been used as the basis for the Operational Boundary PI. This was set at the beginning of the financial year at £870.142m. There may be periods where the actual position rises above the Operational Boundary, but this is acceptable practice. It is the Authorised Limit which the Council must not breach. However during 2019/20 it is not expected that the Operational Boundary will be breached as the Council continues to utilise short term borrowing.

2.3.4 In addition to showing the underlying need to borrow, the Council's CFR includes other long term liabilities which have been brought on balance sheet, for example, PFI schemes and finance lease assets. No borrowing is actually required against these schemes as a borrowing facility is already included in the contract and there has been no change in the borrowing need resulting from these requirements.

2.3.5 The current CFR estimate for 2019/20 is £859.012m and this figure represents an increase of £33.582m when compared to the 2018/19 year-end position of £825.589m. The increase is predominantly due to reflecting the

Councils approved Capital Programme within the revised CFR estimate, a further adjustment is made to reflect the repayments of borrowing within PFI schemes. These two adjustments are detailed below;

- The estimated borrowing need for the year £36.342m net of the Minimum Revenue Provision charge for the year (£3.946m)
- The repayments of borrowing contained within PFI and similar schemes (£2.760m).

In addition, the overall Capital Financing Requirement for 2019/20 has increased due to a review of how MRP charges for PFI assets are reflected in the overall CFR. This does not impact on revenue costs, but it does more accurately reflect the Council's overall CFR position.

Prudential Indicator – Capital Financing Requirement	2019/20 Original Estimate £m	2019/20 Revised Estimate £m
CFR – Non Housing	419.241	427.161
CFR – Housing	304.125	305.075
Total CFR excluding PFI, finance leases and similar arrangements	723.366	732.236
Net movement in CFR	26.928	36.342
Cumulative adjustment for PFI, finance leases and similar arrangements	126.776	126.776
Net movement in CFR	-2.850	-2.760
Total CFR including PFI, finance leases and similar arrangements	850.142	859.012
Net movement in overall CFR	24.078	33.582
Prudential Indicator – Operational Boundary	Original Estimate	Current Position
Borrowing	743.366	743.366
Other long term liabilities*	126.776	126.776
Total Debt 31 March	870.142	870.142

* Includes on balance sheet PFI schemes, finance leases and similar arrangements, etc.

Former SYCC Operational Boundary for External Debt	2019/20 Original Estimate £m	Current Position £m	2019/20 Revised Estimate £m
Borrowing	19.689	19.689	19.689
Other long term liabilities	0.000	0.000	0.000
Total Debt 31 March	19.689	19.689	19.689

3. Limits to Borrowing Activity

- 3.1 The first key control over the treasury activity is a PI to ensure that over the medium term, gross and net borrowing will only be for a capital purpose. Gross and net external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which would only be undertaken if this proves prudent to do so.

RMBC	2019/20 Original Estimate £m	2019/20 Revised Estimate £m
Gross Borrowing	681.524	676.290
Plus Other Long Term liabilities*	126.776	126.776
Total Gross Borrowing	808.300	803.066
CFR*	850.142	859.012
Total Gross Borrowing	808.300	803.066
Less Investments	20.000	20.000
Net Borrowing	788.300	783.066
CFR*	850.142	859.012

* Includes on balance sheet PFI schemes, finance leases and similar arrangements, etc.

- 3.2 The Strategic Director for Finance & Customer Services reports that no difficulties are envisaged for the current or future years in complying with this PI.

- 3.3 A further PI controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for external debt (RMBC)	2019/20 Original Indicator £m	2019/20 Revised Indicator £m
Borrowing	759.534	759.534
Other long term liabilities*	129.312	129.312
Total	888.846	888.846

* Includes on balance sheet PFI schemes, finance leases and similar arrangements, etc.

Former SYCC - Authorised Limit for External Debt	2019/20 Original Estimate £m	2019/20 Current Position £m	2019/20 Revised Estimate £m
Borrowing	19.689	19.689	19.689
Other long term liabilities	0.000	0.000	0.000
Total	19.689	19.689	19.689

- 3.4 The Strategic Director for Finance & Customer Services reports that no difficulties are envisaged for the current or future years in complying with this PI.

4. Treasury Strategy 2019/20

4.1 Debt Activity during 2019/20

4.1.1 The expected borrowing need is set out below:

RMBC	2019/20 Original Estimate £m	2019/20 Revised Estimate £m
CFR	850.142	859.012
Less Other Long Term Liabilities*	126.776	126.776
Net Adjusted CFR (y/e position)	723.366	732.236
Borrowed at 30/09/19	681.524	605.546
Invested at 30/09/19	0.000	-13.890
Under borrowing at 30/09/19	41.842	140.580
Borrowed at 30/09/19	681.524	605.546
Estimated additional borrowing to be taken October to March 2020	0.000	70.744
Total Borrowing	681.524	676.290
Under borrowing at 31/03/19	41.842	55.946
Level of short term borrowing as 31/3/19		268.901

* Includes on balance sheet PFI schemes, finance leases and similar arrangements, etc.

4.1.2 The Council is currently significantly under-borrowed. The delay in borrowing long-term reduces the cost of carrying borrowed monies when yields on investments are low relative to the borrowing rates. Based on current borrowing rates and investment returns the differential is around 2% and if the Council was fully borrowed the additional cost per year would amount to over £3m. The delay in taking out new long-term borrowing does give rise to an element of interest rate risk, as longer term borrowing rates may rise, but this position is being closely monitored and the overall position carefully managed.

4.1.3 During the six months to 30 September 2019 the Council has taken out the following amounts of short-term borrowing shown in the table below. The borrowing taken highlights the Council's current position of utilising low rate short term loans to generate significant savings. The following loans were required for a combination of debt refinancing, pension fund payments profile and cashflow management.

Lender	Principal	Type	Term	Interest Rate %
Local Authority	£10,000,000	Temp	13 Months	1.10
Local Authority	£5,000,000	Temp	11 Months	1.00
Local Authority	£15,000,000	Temp	10 Months	0.90
Local Authority	£10,000,000	Temp	10 Months	0.90
Local Authority	£5,000,000	Temp	9 Months	1.00
Local Authority	£5,000,000	Temp	9 Months	1.00
Local Authority	£8,000,000	Temp	9 Months	0.90
Local Authority	£5,000,000	Temp	9 Months	0.90
Local Authority	£5,000,000	Temp	9 Months	0.89
Local Authority	£5,000,000	Temp	9 Months	0.90
Local Authority	£5,000,000	Temp	9 Months	0.90
Local Authority	£14,000,000	Temp	9 Months	0.85
Local Authority	£15,000,000	Temp	8 Months	0.90
Local Authority	£20,000,000	Temp	6 Months	0.90
Local Authority	£8,000,000	Temp	6 Months	0.90
Local Authority	£2,000,000	Temp	6 Months	0.90
Local Authority	£5,000,000	Temp	6 Months	0.90
Local Authority	£5,000,000	Temp	6 Months	0.90
Local Authority	£3,000,000	Temp	5 Months	0.90
Local Authority	£5,000,000	Temp	4 Months	0.85
Local Authority	£10,000,000	Temp	3 Months	0.80
Local Authority	£10,000,000	Temp	3 Months	0.85
Local Authority	£10,000,000	Temp	14 Day Notice Period	0.80
Local Authority	£10,000,000	Temp	14 Day Notice Period	0.75
Local Authority	£10,000,000	Temp	14 Day Notice Period	0.75

4.1.4 During the six months to 30 September 2019, the Council has repaid a number of long-term loans from the PWLB, and short-term loans from the Local Authority lending market. The principal repaid, and interest rates are detailed in the table below.

Included within the long-term loans is one Equal Instalment of Principal (EIP) loan for £20m is being repaid in equal half yearly instalments of £1m over its 10 year term. A second EIP loan for £1.3m is being repaid in equal half yearly instalments of £65,000 over its 10 year term. There are 5 Annuity loans on which variable amounts of principal are repaid each six months.

Lender	Principal	Type	Interest Rate %
PWLB	£1,000,000	Fixed rate (EIP)	3.46
PWLB	£65,000	Fixed rate (EIP)	1.89
PWLB	£90,432	Fixed rate (Annuity)	Various
PWLB	£10,000,000	Fixed rate	3.01
Local Authority	£5,000,000	Temp	0.65
Local Authority	£10,000,000	Temp	0.65
Local Authority	£10,000,000	Temp	0.65
Local Authority	£10,000,000	Temp	0.85
Local Authority	£5,000,000	Temp	0.90
Local Authority	£5,000,000	Temp	0.90
Local Authority	£5,000,000	Temp	0.90
Local Authority	£5,000,000	Temp	0.90
Local Authority	£3,000,000	Temp	0.82
Local Authority	£3,000,000	Temp	0.80
Local Authority	£2,000,000	Temp	0.95
Local Authority	£10,000,000	Temp	0.95
Local Authority	£5,000,000	Temp	0.95
Local Authority	£3,000,000	Temp	0.80
Local Authority	£6,000,000	Temp	0.95
Local Authority	£5,000,000	Temp	0.85
Local Authority	£15,000,000	Temp	1.00
Local Authority	£10,000,000	Temp	1.00
Local Authority	£10,000,000	Temp	0.80
Local Authority	£3,000,000	Temp	0.90
Local Authority	£5,000,000	Temp	0.85
Local Authority	£10,000,000	Temp	0.85
Local Authority	£10,000,000	Temp	0.80
Local Authority	£10,000,000	Temp	0.80

5. **Investment Strategy 2019/20**

5.1 **Key Objectives**

The primary objective of the Council's Investment Strategy is safeguarding the repayment of the principal and interest of its investments on time – the investment return being a secondary objective. The current difficult economic and financial climate has heightened the Council's over-riding risk consideration with regard to "Counterparty Risk". As a result of these underlying market concerns, officers continue to implement an operational

investment strategy which maintains the tight controls already in place in the approved Investment Strategy.

- 5.1.1 The Council is currently operating a strategy, whereby it is utilising the low rates available in the short term inter-local authority lending market to hold a position of being under borrowed, with the vision of not entering into any long term borrowing until required. This means that the Council has less day to day cash to invest. Historically the Council would place any cash surpluses into one of the following investment options, Debt Management Office (DMO currently at 0.5%), or Bank Deposits (e.g. Handelsbanken currently at 0.55%).
- 5.1.2 However since June 2018 the Council has been making a greater return on its investments by utilising Money Market Funds's (MMF's), which had comparable investment returns ranging from 0.52% to 0.79%, and above. The process for using MMF's is very efficient and effective, with the added benefit that the funds the Council can access are all AAA rated. To enable the Councils Treasury Management Team to make best use of this market, in the most efficient and cost effective way the following change was implemented as part of the Treasury Management Strategy for 2019/20 approved by Members within the Budget and Council Tax 2019/20 report:

Previous Rule:

- Money Market Funds – AAA – restricted to a maximum of 20% of the investment portfolio

New Rule:

- Money Market Funds – AAA – restricted to a maximum investment of £10m per fund

5.2 Current Investment Position

The Council held £13.890m of investments at 30 September 2019, and the constituent parts of the investment position are:

Sector	Country	Up to 1 year £m	1 - 2 years £m	2 – 3 years £m
Banks	UK	0	0	0
DMO	UK	0	0	0
MMF's	UK	13.890	0	0
Total		13.890	0	0

One 'call' account with the top rated bank Handelsbanken is operated. This bank meets the Council's highest investment criteria. This enables the Council to minimise the risk of having to leave unexpected receipts with the Council's current bankers. It allows immediate access to a small amount of funds to cover or part cover any short-term borrowing requirements. However, at present the flexibility and rates that the MMF's offer, mean this account is not currently being utilised.

5.3 **Risk Benchmarking**

A regulatory development is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance. Discrete security and liquidity benchmarks are requirements to Member reporting and the following reports the current position against the benchmarks:

5.3.1 **Security** – The Council monitors its investments against historic levels of default by continually assessing these against the minimum criteria used in the Investment Strategy. The Council's approach to risk, the choice of counterparty criteria and length of investment ensures any risk of default is minimal when viewed against these historic default levels.

5.3.2 **Liquidity** – In respect of this area the Council set liquidity facilities/benchmarks to maintain:

- Bank overdraft – on a day-to-day basis the Council works to an agreed overdraft limit of £100,000 with the Council's bankers. Whilst a short-term increase could be negotiated less expensive short-term borrowing is accessed through the financial markets to remain within the agreed overdraft.
- Liquid short-term deposits of at least £3m available within a week's notice.

The Strategic Director for Finance & Customer Services can report that liquidity arrangements were adequate during the year to date.

5.3.3 **Yield** – a local measure for investment yield benchmark is internal returns above the 7 day London Interbank Bid Rate (LIBID).

The Strategic Director for Finance & Customer Services can report that the return to date averages 0.74%, against a 7 day LIBID to the end of September 2019 of 0.57%. This is reflective of the Council's current approach utilising Money Market Funds to generate additional investment returns.

Based on the Council's current average cash investments of £22m, the additional return achieved compared to benchmark would be £37.3k.

6. **Revisions to the Investment Strategy**

6.1 The counterparty criteria are continually under regular review but in the light of the current market conditions no recommendations are being put to Members to revise the Investment Strategy.

7. **Treasury Management Prudential Indicators**

7.1 **Actual and estimates of the ratio of financing costs to net revenue stream**

This indicator identifies the trend in the cost of capital (financing costs net of interest and investment income) against the net revenue stream.

	2019/20 Original Indicator %	2019/20 Current Position %
Non-HRA	6.85	5.79
HRA	15.75	15.98

7.2 The current position reflects in-year changes to the capital programme and minor fluctuations in interest rates.

7.3 **Prudential indicator limits based on debt net of investments**

- **Upper Limits On Fixed Rate Exposure** – This indicator covers a maximum limit on fixed interest rates.
- **Upper Limits On Variable Rate Exposure** – Similar to the previous indicator this identifies a maximum limit for variable interest rates based upon the debt position net of investments.

RMBC	2018/19 Original Indicator	Current Position
Limits on fixed interest rates based on net debt	100%	79.15%
Limits on variable interest rates based on net debt	30%	20.85%

7.4 **Maturity Structures Of Borrowing**

These gross limits are set to reduce the Council's exposure to large fixed rate loans (those instruments which carry a fixed interest rate for the duration of the instrument) falling due for refinancing.

The current position shown below reflects the next call dates on those Council's LOBO loans (£62m) that are not callable in 2019/20 and thus are regarded as fixed rate. The actual maturity date for most of these loans is greater than 50 years. This approach gives a better indication of risk and whilst there is a possibility that a loan is called with an increase in interest payable the likelihood of any LOBO loans being called in the current climate is assessed as zero for the next three years.

It should be noted here that the upper limit for debt with maturity within 12 months has been breached and it is now proposed that it would be prudent to increase this upper limit in order for 2020/21 to better align with the Council's ongoing strategy of utilising the benefits of short term borrowing.

RMBC	2019/20 Original Indicator		Current Position	
	Lower	Upper	%	£m
Under 12 months	0%	35%	36.41%	220.480
12 months to 2 years	0%	35%	4.18%	25.328
2 years to 5 years	0%	45%	5.70%	34.508
5 years to 10 years	0%	45%	0.21%	1.260
10 years to 20 years	0%	45%	6.71%	40.637
20 years to 30 years	0%	50%	0.83%	5.000
30 years to 40 years	0%	50%	17.56%	106.336
40 years to 50 years	0%	55%	11.89%	72.000
50 years and above	0%	60%	16.51%	100.000

The former SYCC account is due to be wound up by the end of 2020/21 and the maturity structure is now fixed. As a result future limits are currently set in line with the on-going maturity profile.

Former SYCC	2019/20 Original Indicator		Current Position	
	Lower	Upper	%	£m
Under 12 months	0%	60%	0.00%	19.689
12 months to 2 years	0%	75%	0.00%	0.000
2 years to 5 years	0%	100%	0.00%	0.000

7.5 **Total Principal Funds Invested**

These limits are set to reduce the need for the early sale of an investment, and show limits to be placed on investments with final maturities beyond each year-end.

The Council currently has no sums invested for periods exceeding 364 days due to market conditions. To allow for any changes in those conditions the indicator has been left unchanged. This also excludes any Icelandic investments that are due to be recovered after more than 364 days.

RMBC	2017/18 Original Indicator £m	Current Position £m
Maximum principal sums invested > 364 days	10	0
Cash deposits	10	0

7.6 **Treasury Management Advisers**

Following a three year contract with Link Asset Services Treasury Solutions (LAS) for the provision of treasury management and asset finance services, the Council has extended the contract for a further year.

Committee Name and Date of Committee Meeting

Audit Committee – 26 November 2019

Report Title

IG/GDPR Annual Report 2018/19

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

No, but it has been included on the Forward Plan

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director of Finance and Customer Services

Report Author(s)

Luke Sayers, Assistant Director- Customer, Information and Digital Services

luke.sayers@rotherham.gov.uk

Paul Vessey, Head of Information Management

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Ward(s) Affected

Borough-Wide

Report Summary

This report is an update and annual report on the council's compliance with the General Data Protection Regulation and the Data Protection Act.

Recommendations

The Audit Committee is asked to:-

1. Note the production of the GDPR Annual Report 2018/19.
2. Note that it is legal requirement that the council continues its maintenance of its Information Governance policies and processes in compliance with legislation.

List of Appendices Included

Appendix 1 GDPR Compliance Summary of Outstanding Tasks

Appendix 2 FOI & RoAR Statistics

Background Papers

Information Commissioner's Office

<https://ico.org.uk/>

A-Z of Information Management Documents

http://rmbcintranet/Directorates/FCS/CIDS/IM/Pages/A-Z_of_Documents.aspx

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

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1. Background

- 1.1 This report is an update and annual report on the council's progress towards full compliance with General Data Protection Regulation and the Data Protection Act.
- 1.2 The General Data Protection Regulation (EU) 2016/679 (GDPR) sets out the key principles, rights and obligations for processing of personal data. The GDPR came into effect on 25 May 2018. As a European Regulation, it has direct effect in UK law and automatically applies in the UK.
- 1.3 The Data Protection Act 2018 (DPA) sets out the framework for data protection law in the UK. It updates and replaces the Data Protection Act 1998, and came into effect on 25 May 2018. It sits alongside the GDPR, and tailors how the GDPR applies in the UK - for example by providing exemptions. It also sets out the Information Commissioner's functions and powers.
- 1.4 The Information Commissioners Office is the UK's independent body set up to uphold information rights and it is responsible for enforcement of the rights and responsibilities set out in the GDPR and DPA.
- 1.5 A council-wide project reviewed the council's approach to data protection and ensured its governance and information management processes and policies fully complied with the requirements of GDPR and DPA.
- 1.6 The Audit Committee last received an update on the project's progress in June 2018 and, for completeness, Appendix 1 provides the list of outstanding tasks that were presented to the committee.
- 1.7 All outstanding tasks have since been completed and all required policies and processes for compliance with GDPR and DPA are now in place and embedded within the organisation.
- 1.8 Now that all the elements are in place, it is the responsibility of all directorates and service areas to comply with the council's data protection policies and procedures.
- 1.9 Monitoring of the council's compliance with GDPR and DPA is carried out by the Corporate Information Governance Group (CIGG) which has representatives from all Directorates and is chaired by the Council's Senior Information Risk Officer.
- 1.10 Any risks relating to Information Governance, including GDPR and Data Protection are monitored on a regular basis by this group. Risks and actions are logged and reviewed at CIGG meetings and, if necessary, are escalated in line with the Council's risk management processes.

2. Key Issues

2.1 Maintain Compliance:

- 2.1.1 The key issue is to ensure that compliance with data protection legislation is maintained.
- 2.1.2 Compliance with Data Protection principles is a continuous project and CIGG fulfils a core function in monitoring and overseeing information risks and in regularly monitoring the effectiveness of the council's Data Protection policies and each directorate's information governance and data protection processes.

2.2 Raised Awareness of Data Protection:

- 2.2.1 Due to improvements in employee training awareness, there has been an increase in the identification of potential risks and a consequential improvement in processes.
- 2.2.2 Similarly, public awareness of information rights has also resulted in an increase of 75% in the volume of right of access requests (RoARs).
- 2.2.3 The council received 97 RoARs in financial year 17/18 and 170 requests during financial year 18/19. The volume for 19/20 will be monitored for any trend.

2.3 Monitor Performance of Freedom of Information and Right of Access Requests:

- 2.3.1 Completion times for both types of requests have seen improved performance despite a significant increase in the volume of enquiries. Appendix 2 provides performance for the last three financial years.
- 2.3.2 Performance will continue to be closely monitored with the focus on further improvement.
- 2.3.3 One key issue is that requests vary substantially in complexity and workload making analysing, allocating resources and forecasting problematic.

3. Options considered and recommended proposal

- 3.1 There are no new proposals or recommended options. However it is a requirement that the council continues the maintenance of its Information Governance policies and processes in compliance with Data Protection requirements.
- 3.2 It should be noted that continued compliance to GDPR and the Data Protection Act 2018 can only be achieved by the continued support of all Council Staff and Councillors. Key roles such as Information Asset Owners and Data Protection Officer can use existing governance structures to ensure on going compliance.

4. Consultation on proposal

4.1 None

5. Timetable and Accountability for Implementing this Decision

5.1 None

6. Financial and Procurement Advice and Implications (to be written by the relevant Head of Finance and the Head of Procurement on behalf of s151 Officer)

6.1 There are no direct financial or procurement implications arising from this report.

7. Legal Advice and Implications (to be written by Legal Officer on behalf of Assistant Director Legal Services)

7.1 There are no legal implications arising from this report, except to reiterate that the council has a duty to comply with Data Protection legislation.

8. Human Resources Advice and Implications

8.1 There are no direct implications for HR arising from this report.

9. Implications for Children and Young People and Vulnerable Adults

9.1 There are no direct implications for children and young people or vulnerable adults arising from this report.

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 There are no direct implications for partners arising from this report.

12. Risks and Mitigation

12.1 Risks and mitigation will be managed by CIGG and the council's risk processes.

13. Accountable Officer(s)

Luke Sayers, Assistant Director- Customer, Information and Digital Services
luke.sayers@rotherham.gov.uk

Paul Vessey, Head of Information Management
paul.vessey@rotherham.gov.uk

Approvals obtained on behalf of:-

	Named Officer	Date
Chief Executive		Click here to enter a date.
Strategic Director of Finance & Customer Services (S.151 Officer)	Named officer	Click here to enter a date.
Assistant Director of Legal Services (Monitoring Officer)	Named officer	Click here to enter a date.
Assistant Director of Human Resources (if appropriate)		Click here to enter a date.
Head of Human Resources (if appropriate)		Click here to enter a date.

Report Author:

Luke Sayers, Assistant Director- Customer, Information and Digital Services
luke.sayers@rotherham.gov.uk

Paul Vessey, Head of Information Management
paul.vessey@rotherham.gov.uk

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

Appendix 1: GDPR Compliance Summary of Outstanding Tasks

Phase 1 (Mar-Jul 17): Raise Awareness, Build Accountability and Gather Information
<p>1.5 Carry out a review of IT systems and procedures in light of new information rights, to include:</p> <p>Deliverables outstanding in last report:</p> <ul style="list-style-type: none"> - List of risks across RMBC high risk systems in relation to GDPR compliance - completed - Digital solutions agreed between System Owners and Software Suppliers to meet GDPR compliance e.g. right to erasure, portability - completed - Offline solutions agreed with System Owners to meet GDPR compliance - completed <p>Status: Closed</p>
<p>1.6 Review the resource and training requirements within the IM Team, to include:</p> <p>Deliverables outstanding in last report::</p> <ul style="list-style-type: none"> - GDPR Training for IM Team ongoing – completed <p>Status: Closed</p>
Phase 2: Plan and Prioritise (Jul – Nov 17)
<p>2.1 Recruit and appoint a Data Protection Officer (DPO):</p> <p>Deliverables outstanding in last report:</p> <ul style="list-style-type: none"> - DPO not yet formally appointed - completed <p>Status: Closed</p>
<p>2.2 Prioritise compliance activity and remedial measures based on areas with high risk and most significant impact (identified via Information Audit and Information Rights Review)</p> <p>Deliverables outstanding in last report:</p> <ul style="list-style-type: none"> - Risk assessments outstanding for 2 IAO's due to delays within services completing the Information Audit - completed - Improvement plans outstanding for 2 IAO's due to delays within services completing the Information Audit - completed - Directorate resource to be allocated to the improvement plan deliverables - completed - A monitoring and review schedule to be agreed between the IAO and IM Team to complete improvement Plans- completed - All Information risks will not be mitigated by May 2018 due to the delays in completing the Information Audit - completed <p>Status: Closed</p>
<p>2.3 Embed Privacy Impact Assessment (PIA) guidance and process across the Council</p> <p>Deliverables outstanding in last report:</p> <ul style="list-style-type: none"> - PIA Checklist Template to be updated to reflect GDPR requirements - completed <p>Status: Closed</p>

2.4 Conduct retrospective PIA's for riskier activities**Deliverables outstanding in last report:**

- PIA's outstanding for 75% of CCTV systems - completed
- PIA's to be completed for cloud based systems - completed

Status: **Closed****2.5 Embed the data breach guidance and process across the Council****Deliverables achieved:****-Deliverables outstanding in last report**

- Communicate across the Council, tighter reporting deadlines e.g. 72 hours - completed

Status: **Closed****Phase 3: Implement Changes (Dec17-Apr 18, 5 months)****3.1 Review and update privacy standards and processes****Deliverables outstanding in last report:**

- Finalised and approved Directorate Privacy Notices to be uploaded to the external site - completed

Status: **Closed****3.2 Review and update consent standards and processes****Deliverables outstanding in last report:**

- IAO to review the lawful basis for processing personal data (6 bases) where the information audit has identified reliance on 'consent'. Local Authorities should be reliant on public task when processing personal data, consent only on an exception basis. - completed

Status: **Closed****3.3 Review and update information sharing (inc. confidentiality) standards and processes****Deliverables outstanding:**

- The Council is able to monitor compliance by maintaining a central register of information sharing agreements in readiness for the regional information gateway project - completed

Status: **Closed****3.4 Review and update information rights standards and processes****Deliverables outstanding:**

- The Council has a tested process for each information right -completed
- The Council is able to monitor compliance against legislation and report KPI's to CIGG on a monthly basis - completed

Status: **Closed****3.5 Review commissioning supply chain and update contracts in line with GDPR requirements****Deliverables outstanding:**

- Legacy contracts revised - completed
- New contracts incorporate contract clause- completed

Status: **Closed****Phase 4: Embed change, train and re-train (May-Jul 18, 3 months)**

4.1 Implement the appropriate standards and processes in order to embed culture change

Deliverables achieved:

- New Information Management intranet site developed which incorporates GDPR standards and processes
- Internet site prepared ready for launch which incorporates GDPR guidance

Deliverables outstanding:

- Demonstrate compliance with all obligations under the GDPR through the Councils completed Information Asset Register - completed
- Demonstrate standards and processes used to embed cultural change via digital communications (internet/intranet) - completed

Status: **Closed**

4.2 Implement an appropriate training plan in order to embed culture change

Deliverables achieved:

- SIRO/IAO/CG Training by Act Now 23/5/17
- e-learning module available to all accessing the Council's network
- GDPR video's x 2 embedded within the Council's e-learning system ready for launch in Apr 2018 subject to technical testing

Deliverables outstanding:

- Pre GDPR training material launched - completed
- Post GDPR training material launched - completed

Status: **Closed**

4.3 Implement the Communication Plan in order to embed culture change

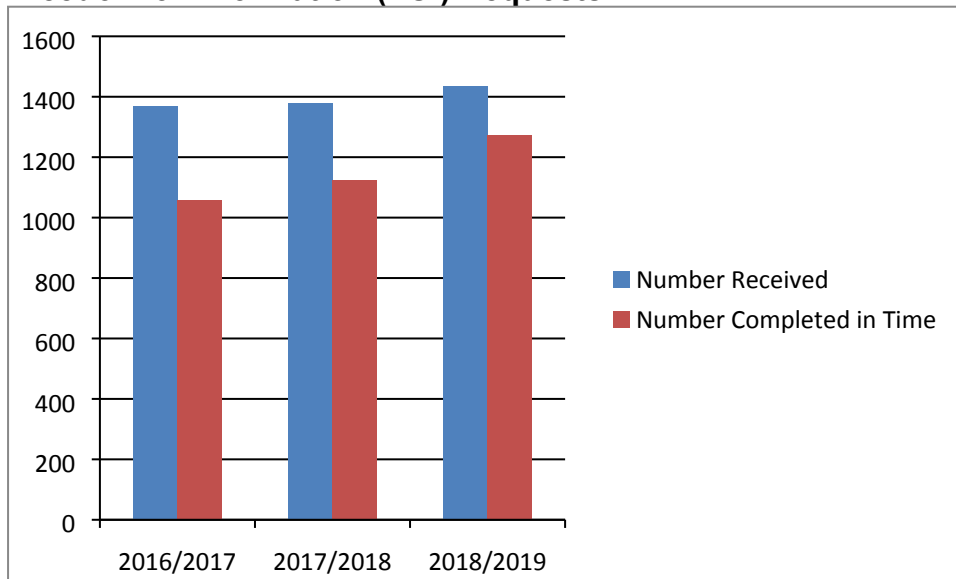
Deliverables outstanding:

- Development of a Communication Strategy which is effective in embedding cultural change - completed

Status: **Closed**

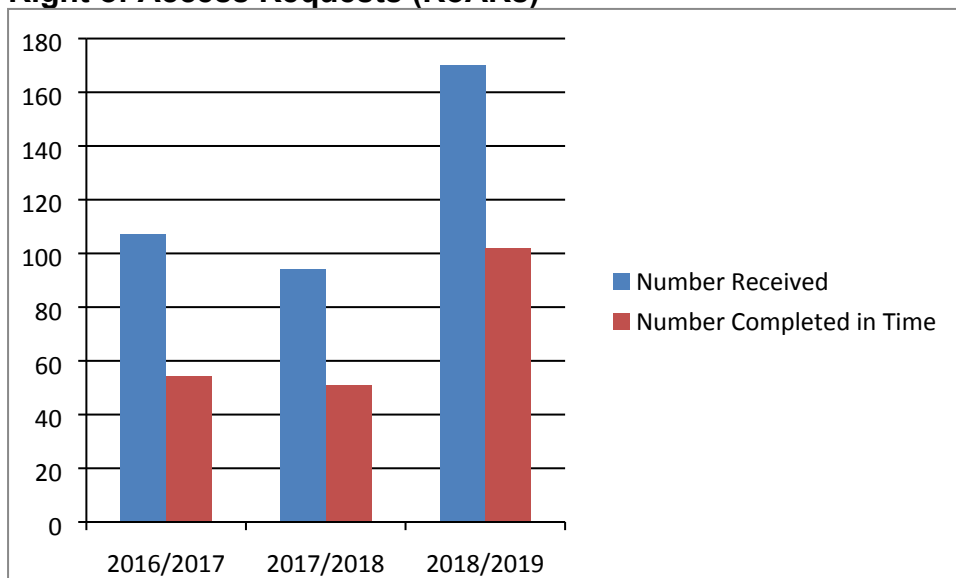
Appendix 2: FOI & RoAR Statistics

Freedom of Information (FOI) Requests



Year	Number Received	Number Completed in Time	% Completed in Time
2016/2017	1368	1058	77%
2017/2018	1378	1122	81%
2018/2019	1436	1273	89%

Right of Access Requests (RoARs)



Year	Number Received	Number Completed in Time	% Completed in Time
2016/2017	107	54	50%
2017/2018	94	51	54%
2018/2019	170	102	60%

Public Report**Audit Committee**

Committee Name and Date of Committee Meeting:

Audit Committee – 26th November 2019

Report title:

External inspections, reviews and audits update

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

No

Strategic Director Approving Submission of the Report:

Shokat Lal – Assistant Chief Executive

Report Author(s):

Tanya Palmowski, Corporate Performance Officer

Simon Dennis, Corporate Risk Manager

Ward(s) Affected:

All

Report Summary:

In line with the Audit Committee terms of reference, the purpose of this report is to provide details of recent and current external inspections, reviews and audits.

The report provides a summary of progress against recommendations from across all key external inspections, reviews and audits and sets out the details of arrangements that are in place regarding the accountability and governance for implementing these.

Recommendations:

That Audit Committee:

- Notes the governance arrangements that are currently in place for monitoring and managing the recommendations from external inspections, reviews and audits
- Continues to receive regular reports in relation to external inspections, reviews and audits and progress made in implementing recommendations.

List of Appendices Included:

None

Background Papers

External audit and inspection recommendations report to Audit Committee on 18th June 2019.

Consideration by any other Council Committee, Scrutiny or Advisory Panel

None

Council Approval Required

No

Exempt from the Press and Public

No

External audits, inspections and reviews update

1. Background

- 1.1 In line with the Audit Committee terms of reference, the purpose of this report is to provide details of recent and current external inspections, reviews and audits both corporate and those relating to other functions of the Council.
- 1.2 External inspection, review and audit activity was previously reported to Audit Committee by Children and Young People's Services, however responsibility transferred to the Corporate Performance, Intelligence and Improvement Service in April 2019.
- 1.3 The last report was presented to Audit Committee on 18th June 2019. The report referred to 28 recommendations from 9 external inspections, reviews and audits. At the time of the report 17 recommendations had been implemented and 11 recommendations were outstanding.

2. Key issues

- 2.1 This report provides an overview of key areas of concern relating to external inspections, reviews and audits, including action taken/to be taken and the governance arrangements to provide Audit Committee with assurance that appropriate arrangements are in place for responding, in line with Audit Committee's responsibilities.
- 2.2 Since 18th June 2019 eight external inspections, reviews and audits have taken place and 11 recommendations made.
- 2.3 In relation to external inspections, reviews and audits that took place prior to June 2019, five recommendations have been implemented since the last report and six remain ongoing.

3. Children and Young People's Services

- 3.1 Two formal external inspections/reviews have taken place since the last report and no recommendations have been made. These include Liberty House Ofsted inspection and the Troubled Families Programme Payment by Results claims validation process. Further details are provided below.
- 3.2 In relation to external inspections, reviews and audits that took place prior to June 2019, four recommendations have been implemented since the last report and three remain outstanding.
- 3.3 The four recommendations implemented since the last report relate to the previous Children's Services Inspection conducted by Ofsted in November 2017. Significant progress had been made and all recommendations have now been fully implemented and formally signed off at the CYPS Performance Board on the 23rd October 2019.
- 3.4 The three outstanding recommendations relate to the Ofsted Focused Visit - focus on permanence planning and achieving permanence conducted in

March 2019. Progress against the recommendations is managed in the CYPS Improvement Plan and overseen by the CYPS Performance Board. Progress will be discussed with Ofsted at the Annual Conversation on the 6th November 2019.

3.5 Liberty House Ofsted inspection

- 3.5.1 Liberty House is for daytime or overnight residential stays for young people aged 8-18 years who have a severe physical or learning disability and/or sensory impairment.
- 3.5.2 An inspection took place on 23rd and 24th October 2019 and although the final report has not yet been received, initial feedback indicated that the home has successfully improved in all areas.
- 3.5.3 A further update will be available once the final report is published.

3.6 Troubled Families Programme Payment by Results claims validation process

- 3.6.1 The Ministry of Housing, Communications and Local Government conducts a validation process of claims to ensure they are compliant with the terms of the programme's financial framework, which is known as the 'spot check' process.
- 3.6.2 The 'spot check' was conducted in July 2019. Feedback was positive and signed off the Council's processes for making Payment by Result Claims.
- 3.6.3 There are no recommendations in relation to the 'spot check'.
- 3.6.4 A regional lead from the Ministry of Housing, Communications and Local Government also conducted an informal visit in June 2019. Feedback was positive and areas for improvement have been embedded within the CYPS Improvement Plan.

4. Adult Care and Housing

- 4.1 Two formal external inspections/reviews have taken place since the last report and no recommendations have been made. These include Lord Hardy Court and the Public Health Peer Review. Further details are provided below.
- 4.2 In relation to external inspections, reviews and audits that took place prior to June 2019, one recommendation has been implemented since the last report and two remain outstanding.
- 4.3 The recommendation implemented since the last report is in relation to the previous inspection of Lord Hardy Court, see update below.
- 4.4 The two outstanding recommendations relate to:
 - CQC inspection of Parkhill Lodge and the medium-term plan to look for alternative premises

- Fire Risk Assessments of Housings Hampstead Green, Doncaster Road and Eastwood View flats by South Yorkshire Fire and Rescue Service a Fire Risk Assessment Audit. Work to expand the alarm system, reconfiguring the sounders and installing a sprinkler system at Hampstead Green flats has been delayed due to agreeing the design and will now commence in November 2019 and be completed by December 2019.

4.5 Lord Hardy Court

- 4.5.1 Lord Hardy Court was re-inspected by CQC in July 2019 and retained its status as a “Good” service. The provision is rated “Good” across all 5 domains.
- 4.5.2 The recommendation in relation to Lord Hardy Court having no structured activities programme or dedicated activity staff in the last CQC report has now been satisfied. Staff and voluntary groups are running interactive group and one-to-one activities and using external entertainers.
- 4.5.3 There are no outstanding recommendations.

4.6 Public Health Peer Review

- 4.6.1 The peer review conducted on 15th and 16th October 2019 was based on a tool developed by the Yorkshire and Humber Directors of Public Health which aligns with the Public Health England Public Health Knowledge and Skills Framework (2016).
- 4.6.2 Feedback from the visit was extremely positive and there were no recommendations.

5. Regeneration and Environment Services

- 5.1 Three formal external inspections/reviews have taken place since the last report and nine recommendations have been made. These include DVLA audit - review of enquiries to Keeper at Date of Event, (KADOE), AA Inspection of Waleswood Caravan and Camping Park and Library Services Peer Review. The 9 recommendations relate to the Library Peer review. Further details are provided below.
- 5.2 In relation to external inspections, reviews and audits that took place prior to June 2019, there is one recommendation outstanding. This relates to the ground source heat/cooling system at Riverside House which was inspected by the Environment Agency in January 2017. The recommendation was for a new volume meter to be installed if there are any future upgrades to the system. When an upgrade or replacement becomes due then this recommendation will be considered.

5.3 DVLA audit - review of enquiries to Keeper at Date of Event, (KADOE)

- 5.3.1 The purpose of the audit conducted by the DVLA was to confirm the reason for each vehicle keeper request made by the enforcement service, identify what evidence was available to support these requests and to see how the vehicle keeper data had been used.
- 5.3.2 The audit was carried out in October 2018 which confirmed that the overall audit rating was 'Green'.
- 5.3.3 There are no recommendations relating to the review.

5.4 AA Campsite National Inspection Scheme for Campsites for Waleswood Caravan and Camping Park

- 5.4.1 Waleswood Caravan and Camping Park was inspected by AA Hotel and Hospitality Services on 19th July 2019 and awarded 5 Pennants Gold Award Merit score of 92%. The Council is aiming to maintain the rating of 5 Pennants Gold Award in 2020 and will aim for 5 pennants platinum award in the future as the landscaping of the new development matures.

5.5 Library Services Peer Challenge

- 5.5.1 The Local Government Association conducted a peer review of Library Services on 19th and 20th June 2019 focussed around:
 - Is the Council getting best value from its library assets?
 - How effective is the service's contribution to cross cutting agendas of other services?
 - What is the role of the service and Council in the local community?
- 5.5.2 The review report was positive overall. Nine recommendations were made which are currently being implemented.

6. Finance and Customer Services

- 6.1 One audit has taken place since the last report and two recommendations have been made. Further details are provided below.

6.2 The External Auditor's Report on the Accounts 2018/2019

- 6.2.1 The External Auditor's Report on the Accounts is a statutory audit report of the Council and the preparations of the Council's financial statements. The purpose is to view the financial position of the Council's income and expenditure for the year and ensure financial statements have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

6.2.2 An unqualified (clean) opinion was issued and two recommendations were made. These were:

- Delivery of 2019-20 budget, savings plan and achievement of Medium-Term Financial Strategy (MTFS):
 - Management should continue to assess its financial performance and monitoring procedures regularly to ensure the savings plans for 2019-20 and resulting achievement of the budget and MTFS are on track.
 - This should include continuing assessment of the demand for key services and address the funding gaps to ensure the Council continues to be financially resilient and sustainably delivering services against its key priorities.
- Dedicated Schools Grant reserve deficit and Recovery Plan:
 - Discuss the recovery plan with ESFA and agree a clear action plan on how the deficit can be recovered
 - Monitor the recovery plan to ensure correct actions are taken as necessary with the involvement of senior management
 - Continue to report the DSG deficit issues to the Cabinet to keep the members informed of actions undertaken
 - Continue to discuss relevant matters with the School Forum so key stakeholders are involved and kept up to date of Council's actions.

6.2.3 Work is currently ongoing to ensure that both recommendations are implemented.

7. Options considered and recommended proposal

7.1 Audit Committee to note the governance arrangements that are currently in place for monitoring and managing the recommendations from external inspections, reviews and audits

7.2 Audit Committee to continue to receive regular reports in relation to external inspections, reviews and audits and progress made in implementing recommendations.

8. Consultation on proposal

8.1 Not applicable to this report.

9. Timetable and Accountability for Implementing this Decision

9.1 The timescales for each recommendation varies and further details are included within the report above.

10. Financial and Procurement Advice and Implications

10.1 There are no financial and procurement implications.

11. Legal Advice and Implications

- 11.1 There are no direct legal implications arising from the recommendations within this report.

12. Human Resources Advice and Implications

- 12.1 There are no Human Resources implications.

13. Implications for Children and Young People and Vulnerable Adults

- 13.1 The recommendations in relation to inspections in both Children and Young People's Services and Adult Social Care have direct implications on the quality of services provided to children, young people and vulnerable adults. Completing the recommendations will improve outcomes for these groups.

14. Equalities and Human Rights Advice and Implications

- 14.1 Equality Analyses are undertaken in relation to any new policies or strategies that are developed as a result of the work being undertaken to improve services.

15. Implications for Partners

- 15.1 Partnership approaches are key to improving services and the improvements need to be of a multi-agency nature and owned cross the partnership.

16. Risks and Mitigation

- 16.1 There is a risk that actions are reported as completed without substance, it is important that arrangements are in place as part of the respective quality assurance regimes and monitored through performance management, evidencing not just completion of actions, but the associated outcomes. As governance arrangements are strengthened, these risks become mitigated.

17. Accountable Officer(s)

Shokat Lal, Assistant Chief Executive

Approvals Obtained from:-

Shokat Lal, Assistant Chief Executive

This report is published on the Council's website or can be found at:

<http://moderngov.rotherham.gov.uk/ieDocHome.aspx?Categories>

Name of Committee and Date of Committee Meeting:

Audit Committee 26th November 2019.

Report Title:

Code of Corporate Governance

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

No

Strategic Director Approving Submission of the Report:

Judith Badger (Strategic Director Finance and Customer Services)

Report Author(s):

David Webster, Head of Internal Audit

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Simon Dennis, Corporate Risk Manager

01709 822114 or simon.dennis@rotherham.gov.uk

Ward(s) Affected:

Borough-wide

Report Summary:

In April 2016 CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) published revised guidance on delivering good governance in local government. The Council's Code of Corporate Governance was rewritten at that time to set out how it would comply with this new guidance. There have been no new revisions to the guidance in the last three years. However, it is good practice to review and revise the Council Code on an annual basis.. The Corporate Governance Group has completed this review. In addition, at the time of the last review the Council was still in intervention, which meant that some aspects of the guidance did not apply. These have now been included in the Code, which reflects the guidance in full. The revised Code is presented here for consideration by the Audit Committee.

Recommendations:

- **The Audit Committee is asked to consider the refreshed version of the Code of Corporate Governance**
- **After consideration, advise of any amendments or further development work deemed necessary**

List of Appendices Included:

Appendix 1 – Code of Corporate Governance.

Background Papers:

"Delivering Good Governance in Local Government", published by CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) in April 2016.

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

No

Council Approval Required:

No

Exempt from the Press and Public:

No

Code of Corporate Governance

1. Background

- 1.1 In April 2016, CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) published revised guidance on delivering good governance in Local government. The Council's Code of Corporate Governance was rewritten to set out how it complied with this new guidance. The new guidance set out seven key principles of good governance and the Council's new Code reflected these principles. The Code was presented to the Audit Committee in February 2017 with updates in November 2017 and November 2018.
- 1.2 Although there have been no subsequent changes to the guidance, an annual review of the Code has been completed in order to ensure it remains up to date and relevant to the Council.

2. Key Issues

- 2.1 Good governance leads to good management, performance, public engagement, stewardship of public money and, through all this, good outcomes for citizens and service users.
- 2.2 Rotherham Metropolitan Borough Council is committed to ensuring the highest possible standards of governance in order to fulfil its responsibilities. Integrity, openness and accountability are fundamental principles by which the Council operates and these are specifically reflected in two of the Council's values – "Honest" (Being open and truthful in everything we do) and "Accountable" (We own our decisions, we do what we say and we acknowledge and learn from our mistakes).
- 2.3 The guidance sets out the seven key principles which underpin the governance of each local government organisation. The Rotherham Code follows these principles and demonstrates how they are applied and evidenced in practice. The seven key principles are:
 - Behaving with Integrity, demonstrating strong commitment to ethical values and respecting the rule of law
 - Ensuring Openness and comprehensive stakeholder engagement
 - Determining outcomes in terms of sustainable economic, social and environmental benefits
 - Determining the interventions necessary to optimise the achievement of the intended outcomes
 - Developing the Councils capacity, including the capability of its leadership and the individuals within it

- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practice in transparency, reporting and audit to deliver effective accountability

2.4 The first two principles underpin the operation of the other five and represent a change in approach from earlier versions of the Code. As can also be seen from the list above, the Council's own values align closely to the key principles in the CIPFA/SOLACE code.

2.5 The Council has adopted this approach in producing its Code of Corporate Governance to give citizens and customers a clear understanding of how the Council manages its decision making, service planning, service delivery and accountability processes, how it ensures that the Council sets out its vision and priorities and how it provides effective and efficient outcomes to its citizens and customers.

3. Options considered and recommended proposal

3.1 "Delivering Good Governance in Local Government", published by CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) is widely acknowledged as the authoritative guide in this area.

3.2 All Local Authorities within the UK construct their Codes of Corporate Governance utilising the methodology advocated by this guidance. The framework was published in April 2016 and it is important that the Council complies with this code. There have been no changes to the guidance in the last year. An annual review of the Rotherham Code has been completed by the Corporate Governance Group.

3.3 The Audit Committee is invited to review the attached Code and provide any comments. For ease of reference a version showing tracked changes from the previous year is attached, along with the final draft Code.

4. Consultation on Proposal

4.1 Research has been undertaken into sector codes of governance. The attached Code takes account of current arrangements in Rotherham.

5. Timetable and Accountability for Implementing this Decision

5.1 The refreshed code is to be presented to the Audit Committee for consideration at its meeting on 26th November 2019.

6. Financial and Procurement Advice and Implications

6.1 There are no immediate financial and procurement implications associated with the refreshed code although, previously stated, good governance leads to good stewardship of public money.

7. Legal Advice and Implications

7.1 There are no immediate legal implications associated with the proposals.

8. Human Resources Advice and Implications

8.1 There are no Human Resources implications associated with the proposals.

9. Implications for Children and Young People and Vulnerable Adults

9.1 There are no immediate implications associated with the proposals.

10. Equalities and Human Rights Advice and Implications

10.1 There are no immediate implications associated with the proposals.

11. Implications for Partners

11.1 There are no immediate implications associated with the proposals.

12. Risks and Mitigation

12.1 The implementation of an effective Governance framework is designed to minimise the Authority's exposure to risk.

13. Accountable Officer(s):

Simon Dennis, Corporate Risk Manager
David Webster, Head of Internal Audit

Approvals Obtained from:-

Strategic Director of Finance and Customer Services: Judith Badger

Rotherham Metropolitan Borough Council

Code of Corporate Governance 20~~18~~/19/20

~~CODE OF CORPORATE GOVERNANCE~~

~~Governance is about organisations ensuring that they are doing the right things in the correct manner for the right people in a timely, open, honest, inclusive and accountable manner. It follows that good governance leads to good management, performance, public engagement, stewardship of public money and, through all this, good outcomes for citizens and service users.~~

~~Good governance enables Rotherham Council to pursue its vision effectively, as well as reinforcing that vision with the mechanisms for control and management of risk.~~

~~Following a critical corporate governance inspection in 2014/15, five commissioners were appointed by the Secretary of State for Communities and Local Government and the Secretary of State for Education. The five commissioners initially took all executive and licensing responsibility at the Council. Over the course of the last three and a half years these powers have gradually been handed back to elected members as the Council has delivered two Improvement Plans. At the time of writing, all functions have now been returned to local democratic control and intervention has ended.~~

~~A final health check was carried out in February 2019, which reviewed the Council's progress since the return of local control. This review provided independent evidence around the effectiveness of the Council's Corporate Governance and stated that the Council's progress exceeded expectations~~

~~This Code of Corporate Governance explains all of the Council's policies and practices in one document, making them open and explicit. Appropriate procedures and processes are being integrated into the Council's Governance Framework to ensure there will be routine application and ongoing review of the arrangements described in the Code.~~

~~Councillor Chris Road~~ ~~Sharon Kemp~~
~~Leader, Rotherham MBC~~ ~~Chief Executive~~

CODE OF CORPORATE GOVERNANCE

Introduction

Governance is about organisations ensuring that they are doing the right things in the correct manner for the right people in a timely, open, honest, inclusive and accountable manner. It follows that good governance leads to good management, performance, public engagement, stewardship of public money and, through all this, good outcomes for citizens and service users.

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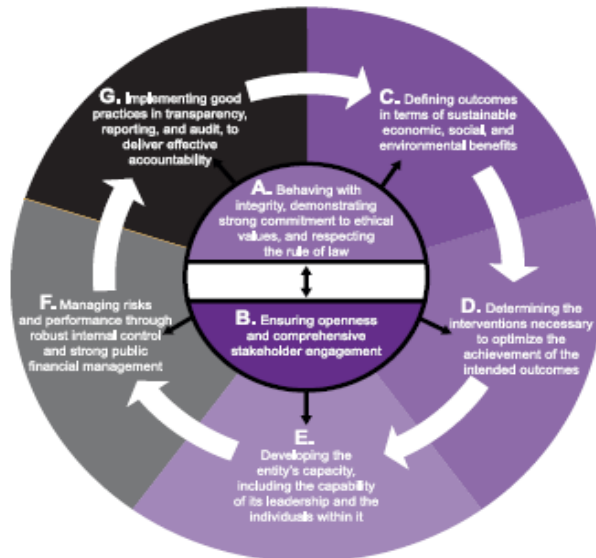
Good governance enables Rotherham Council to pursue its vision effectively, as well as reinforcing that vision with the mechanisms for control and management of risk.

All of the decisions made by Rotherham Council about the services it delivers, and how to deliver them, are supported by a set of systems and processes which make up the Council's 'governance arrangements'. These include holding meetings where decisions are made, the Council's legal framework, setting out priorities and roles clearly, holding decision makers to account through scrutiny, risk management processes, financial monitoring and ensuring high standards of conduct. Local authorities are encouraged to demonstrate how they ensure effective governance arrangements by setting these out in a local code of governance.

Rotherham Metropolitan Borough Council's 'Code of Corporate Governance' is based on the guidance "Delivering Good Governance in Local Government", published in 2016 by CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives).

The main principle underpinning the Delivering Good Governance in Local Government: Framework continues to be that local government is developing and shaping its own approach to governance, taking account of the environment in which it now operates. The Framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policies and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities. A diagram of the Framework from the guidance is copied below:

Achieving the Intended Outcomes While Acting in the Public Interest at all Times



The International Framework notes that:

Principles A and B permeate implementation of principles C to G. The diagram also illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review.

The Framework positions the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures. Outcomes give the role of local government its meaning and importance, and it is fitting that they have this central role in the sector's governance. Furthermore, the focus on sustainability and the links between governance and public financial management are crucial – local authorities must recognise the need to focus on the long term.

The Framework defines the principles that should underpin the governance of each local government organisation. It provides a structure to help individual authorities with their approach to governance. Whatever forms of arrangements are in place, authorities should test their governance structures and partnerships against the principles contained in the Framework by:

- Reviewing existing governance arrangements
- Developing and maintaining an up-to-date code of governance, including arrangements for ensuring ongoing effectiveness
- Reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in this Framework. It should therefore develop and maintain a local code of governance and governance arrangements reflecting the principles set out.

It is also crucial that the Framework is applied in a way that demonstrates the spirit and ethos of good governance which cannot be achieved by rules and procedures alone. Shared values that are integrated into the culture of an organisation, and are reflected in behaviour and policy, are hallmarks of good governance.

The Council has adopted this Code of Corporate Governance (Code) with the intention of giving citizens and customers a clear understanding of how the Council intends to manage its decision making, service planning, service delivery and accountability processes, how it aims to ensure that the Council sets out its vision and priorities and how it aims to provide effective and efficient outcomes to its citizens and customers.

This Code of Corporate Governance explains all of the Council's policies and practices in one document, making them open and explicit. Appropriate procedures and processes are being integrated into the Council's Governance Framework to ensure there will be routine application and ongoing review of the arrangements described in the Code.

The Code is subject to annual review to ensure its adequacy and its effectiveness is assessed as part of a process that leads to the production of the Council's Annual Governance Statement.

Every Council officer and Member has a responsibility to ensure that their personal conduct and the organisation's governance arrangements are always of the highest standard possible.

Senior managers have a responsibility for reviewing governance standards in their areas of responsibility and for identifying and implementing any necessary improvement actions. Improvement actions should be reflected in the appropriate business plans.

The Chief Executive and Leader ensure that an annual review of corporate governance arrangements is completed and give assurances on their adequacy in the published Annual Governance Statement, accompanying the Statement of Accounts.

The Strategic Leadership Team ensures that the Code is reviewed regularly (at least yearly) to reflect ongoing developments and planned improvements to the framework, and authorises any amendments.

How Rotherham Council intends to meet the Principles of Good Corporate Governance

This section sets out how Rotherham Council aims to work to the principles of good corporate governance.

Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Summary:

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Sub principles	Actions Demonstrating Good Governance	How this is evidenced
Behaving with integrity	<ul style="list-style-type: none">Ensuring members and officers behave with integrityEnsuring members and officers and lead a culture where acting in the public interest is visibly and consistently demonstrated <u>thereby protecting the reputation of the organisation</u><u>Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles).</u>Leading by example and using these <u>above</u> standard operating principles or values as a framework for decision making and other actions.Demonstrating, communicating and	<ul style="list-style-type: none">Member's Code of ConductEmployees' Code of ConductAnti-Fraud and Corruption Policy & StrategyDignity at Work PolicyEqual Opportunity in Employment PolicyEquality and Diversity PolicyWhistle-blowing PolicyCorporate Safeguarding PolicyCouncil Plan<u>LADO (Local Authority Designated Officer) to investigate allegations made against people working with children</u><u>Standards and Ethics Committee</u>

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~~November~~April 2019

	embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.	
Sub-principles	Actions Demonstrating Good Governance	How this is evidenced
Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> • Seeking to establish, monitor and maintain the organisation's ethical standards and performance • Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation. • Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values. • Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation. 	<ul style="list-style-type: none"> • Council Plan • Human Resources Policies • Induction Procedures • Registers of Interests • Registers of Gifts and Hospitality • Member's Code of Conduct • Employees' Code of Conduct • Member / Officer Relations Protocol • Standards and Ethics Committee
Respecting the rule of law	<ul style="list-style-type: none"> • Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations. • Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities <u>in accordance with legislative and regulatory requirements</u>. • Striving to optimise the use of the full powers 	<ul style="list-style-type: none"> • Legal (Monitoring) Officer Role • Internal Audit • External Auditors • Corporate Complaints Procedure • Standards and Ethics Committee (supporting Members' observation of their Code of Conduct) • Employees' Personal Development Reviews • Publicising the process of how to complain about Members' conduct • Publicising the process of how to make a complaint

	<p>available for the benefit of citizens, communities and stakeholders.</p> <ul style="list-style-type: none"> • Dealing with breaches of legal and regulatory provisions effectively. • Ensuring corruption and misuse of power are dealt with effectively. 	<p>to the Local Government Ombudsman</p> <ul style="list-style-type: none"> • Overview and Scrutiny functions • Anti-Fraud and Corruption Policy and Strategy • Whistleblowing and Serious Misconduct Policy • Anti-Money Laundering Policy
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Principle B - Ensuring openness and comprehensive stakeholder engagement.

Summary:

Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Sub principles	Actions Demonstrating Good Governance	How this is evidenced
Openness	<ul style="list-style-type: none"> Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness. Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. <u>The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided</u> Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear. Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action. 	<ul style="list-style-type: none"> Council Plan The Rotherham Plan 2025 Forward Plan listing key decisions to be made Council Website Formal consultation arrangements Community and voluntary sector representation on Partnership Boards Freedom of Information publication scheme Overview and Scrutiny functions Data Transparency Code
Engaging comprehensively	<ul style="list-style-type: none"> Effectively engaging with institutional 	<ul style="list-style-type: none"> Formal consultation arrangements

<p>with institutional stakeholders</p>	<p>stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.</p> <ul style="list-style-type: none"> • Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively • <u>Ensuring that partnerships are based on: trust; a shared commitment to change; and a culture that promotes and accepts challenge among partners, and that the added value of partnership working is explicit.</u> • Defining the purpose, objectives and intended outcomes for each stakeholder relationship • Using formal and informal consultation and engagement to determine the most appropriate and effective interventions 	<ul style="list-style-type: none"> • Community and voluntary sector representation on Partnership Boards • Council Website • Rotherham Local Safeguarding Children Board • Rotherham Safeguarding Adults Board • Community Safety and Anti-Social Behaviour Unit • <u>Neighbourhood working group</u> • <u>Rotherham Together Partnership</u>
<p>Engaging <u>stakeholders effectively, including with individual citizens and service users</u> <u>effectively</u></p>	<ul style="list-style-type: none"> • Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve <u>communities</u>, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes. • Ensuring that communication methods are effective and members and officers are clear about their roles with regard to community engagement. • Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs. 	<ul style="list-style-type: none"> • Council Plan published on RMBC website • Key decisions are published at least 28 days prior to consideration at Cabinet • External Auditor provides an annual assessment of the Council's performance through the Value for Money conclusion • Council Website • Council minutes and agendas available on website • Formal consultation arrangements • Community and voluntary sector representation on Partnership Boards • Satisfaction Surveys • Freedom of Information publication scheme

	<ul style="list-style-type: none">• Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account.• Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity• Taking account of the interests of future generations of tax payers and service users.	
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Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits.

Summary:

The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

Sub principles	Actions Demonstrating Good Governance	How this is evidenced
Defining Outcomes	<ul style="list-style-type: none">• Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions.• Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer.• Delivering defined outcomes on a sustainable basis within the resources that will be available.• Identifying and managing risks to the achievement of outcomes.• Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.	<ul style="list-style-type: none">• Council Plan• Forward Plan listing key decisions to be taken• Corporate report template requires information explaining the legal and financial implications of decisions• Community Safety and Anti-Social Behaviour Unit• Rotherham Housing Strategy 2016-2019• Rotherham Health and Wellbeing Strategy 2015-2018• Safer Rotherham Strategy 2016-2019• Rotherham Economic Growth Plan 2015-2025• Early Help Strategy for children, young people and families• Medium Term Financial Strategy• Risk Management Policy & Guide• Regular revision and consideration of Strategic Risk Register by Strategic Leadership Team and consideration by Audit Committee including Directorate Risk "deep dives"• Monthly consideration of Directorate Risk Registers by Directorate Leadership Teams

		<ul style="list-style-type: none"> • Corporate report template contains 'risk implications' section • Audit Committee reviews risks and the Risk Management process
Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> • Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision. • Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints. • Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs. • Ensuring <u>equality of fair</u> access <u>to services</u>. 	<ul style="list-style-type: none"> • Council Plan • Forward Plan listing key decisions to be taken • Receipt of reports from inspectorates and regulators throughout the year • Formal consultation arrangements • Rotherham Economic Growth Plan 2015-2025 • Safer Rotherham Strategy 2016-2019 • Rotherham Local Plan Core Strategy • Municipal Waste Management Strategy • Rotherham Health and Wellbeing Strategy 2015-2018

Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes.

Summary:

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

Sub principles	Actions Demonstrating Good Governance	How this is evidenced
Determining interventions	<ul style="list-style-type: none"> Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated risks with these options. Therefore ensuring best value is achieved however services are provided. Ensuring best value is achieved however services are provided. Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts. 	<ul style="list-style-type: none"> Business decisions are accompanied by a business case and options appraisal Overview and Scrutiny functions Corporate report template requires information explaining the legal and financial implications of decisions Financial, legal and technical advice provided by the s151 Officer, the Monitoring Officer and other officers as required Council Website Formal consultation arrangements
Planning interventions	<ul style="list-style-type: none"> Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets. Engaging with internal and external stakeholders in determining how services and 	<ul style="list-style-type: none"> Council Plan Directorate Service Plans Quarterly Performance Monitoring Reports aligned to Council Plan priorities

	<p>other courses of action should be planned and delivered.</p> <ul style="list-style-type: none"> • Considering and monitoring risks facing each partner when working collaboratively including shared risks. • Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances. • Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured. • Ensuring capacity exists to generate the information required to review service quality regularly. • Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan. • Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy. 	<ul style="list-style-type: none"> • Contract Monitoring Reports • Medium Term Financial Strategy • Capital Programme • Revenue budget process • Value for Money judgement by External Auditor • Jointly developed risk register with RTP with covers the key elements of the Rotherham Plan.
Optimising achievement of intended outcomes	<ul style="list-style-type: none"> • Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints. • Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term. • Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising 	<ul style="list-style-type: none"> • Medium Term Financial Strategy • Revenue budget process • Capital Programme • Procurement Policy • Procurement Standing Orders • Action Plans developed in response to external audit and inspections • Value for Money judgement by external auditor

	resource usage. <ul style="list-style-type: none">• Ensuring the achievement of 'social value' through service planning and commissioning.	
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Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Summary:

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

Sub principles	Actions Demonstrating Good Governance	How this is evidenced
Developing the entity's capacity	<ul style="list-style-type: none"> Reviewing operations, and performance <u>and use of assets</u> on a regular basis to ensure their continuing effectiveness and enable organisational learning. Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that <u>defined</u> outcomes are achieved effectively and efficiently. <u>Recognising the benefits of partnerships and collaborative working where added value can be achieved.</u> <u>Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources</u> 	<ul style="list-style-type: none"> Refreshed Council Plan published May 2018 Organisational restructure in key service areas Officer participation in regional groups appropriate to their particular service Involvement in Sheffield City Region Benchmarking increasingly used to develop budgets <u>Peer Health Checks carried out February 2018 and February 2019</u> <u>Workforce Strategy – Our Workforce Plan 2020</u>
Developing the capability of the entity's leadership and other individuals	<ul style="list-style-type: none"> Clarifying roles and responsibilities of members and management at all levels. 	<ul style="list-style-type: none"> The Council Constitution Scheme of Delegation

	<ul style="list-style-type: none"> • Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained. • Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body. • Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority. • Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: <ul style="list-style-type: none"> - <u>Ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged.</u> 	<ul style="list-style-type: none"> • Members' Code of Conduct • Member training and seminars • Members' and officers' induction programmes • Personal Development Reviews • Job descriptions and person specifications produced for all posts • Recruitment and appointment policies and procedures • Members' Development Panel • Comprehensive training programme for officers • Workforce Development Plan • Corporate Workforce <u>Plan Strategy</u> (including employee health & wellbeing) • Staff surveys • A-Z list of HR Policies and Guidance on intranet
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	<ul style="list-style-type: none"> - <u>Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis.</u> - <u>Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external.</u> • <u>Ensuring that there are structures in place to encourage public participation.</u> • <u>Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections.</u> • Holding staff to account through regular performance reviews which take account of training or development needs. • Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing. 	
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Principle F - Managing risks and performance through robust internal control and strong public financial management.

Summary:

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Sub principles	Actions Demonstrating Good Governance	How this is evidenced
Managing risk	<ul style="list-style-type: none"> Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making. Implementing robust and integrated risk management arrangements and ensuring that they are working effectively. Ensuring that responsibilities for managing individual risks are clearly allocated. 	<ul style="list-style-type: none"> Risk Management Policy & Guide in place and reviewed annually Strategic Risk Register in place and reviewed regularly by Strategic Leadership team and linked to service performance Directorate and Service level risk registers in place and reviewed monthly Corporate report template contains 'risk implications' section Audit Committee reviews <u>one risk register risks</u> at each meeting and <u>considers</u> the <u>Strategic Risk Register every six months.</u> <u>Audit Committee receives an annual Risk Management Report</u>Management process twice a year.
Managing performance	<ul style="list-style-type: none"> Monitoring service delivery effectively including planning, specification, execution 	<ul style="list-style-type: none"> Quarterly Performance Monitoring Reports aligned to Council Plan priorities

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	<p>and independent post implementation review.</p> <ul style="list-style-type: none"> • Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook • Ensuring an effective scrutiny or oversight function is in place which encourages provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible • Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement. • Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements). 	<ul style="list-style-type: none"> • Contract Monitoring Reports • Corporate report template requires information explaining the legal and financial implications of decisions • Corporate report template contains 'risk implications' section • Overview and Scrutiny functions • Monthly spend/budget reports sent to all budget holders • Officers' make online monthly budget submissions as part of budget monitoring arrangements • Service Plans for all services.
Robust internal control	<ul style="list-style-type: none"> • Aligning the risk management strategy and policies on internal control with achieving the objectives. • Evaluating and monitoring the authority's risk management and internal control on a regular basis. • Ensuring effective counter fraud and anti-corruption arrangements are in place. • Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor. 	<ul style="list-style-type: none"> • Risk Management Policy & Guide in place and reviewed annually • Strategic Risk Register in place and reviewed regularly by Strategic Leadership team and linked to service performance • Directorate and Service level risk registers in place and reviewed monthly • Anti-Fraud and Corruption Policy & Strategy • Internal Audit annual opinion on governance, risk management and internal control. • Audit Committee reviews risks at each meeting and the Risk Management process twice a year

	<ul style="list-style-type: none"> Ensuring an audit committee or equivalent group or function which is independent of the executive <u>and accountable to the governing body</u> provides <u>a further source of effective assurance</u> regarding arrangements for managing risk and maintaining an effective control environment, <u>and that its recommendations are listened to and acted upon</u> 	<ul style="list-style-type: none"> Corporate Information Governance Group Consideration of specified Fraud risks by Corporate Risk Champions
Managing data	<ul style="list-style-type: none"> Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data. Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring. Ensuring effective arrangements <u>are in place and operating effectively when for</u> sharing data with other bodies are in place. 	<ul style="list-style-type: none"> Corporate Communications Policy Dedicated Information Governance Unit Freedom of Information publication scheme Digital Council Strategy Ongoing monitoring of Data Protection Act / Freedom of Information compliance Data Transparency Code Data Sharing Agreements
Strong public financial management	<ul style="list-style-type: none"> Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance. Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls. 	<ul style="list-style-type: none"> Council Plan Medium Term Financial Strategy Revenue budget process Procurement Policy Procurement Standing Orders Value for Money judgement from the External Auditor External Auditors' Annual Audit letter Financial Regulations Capital Strategy Treasury Management Strategy

November~~April~~ 2019

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Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Summary:

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Sub principles	Actions Demonstrating Good Governance	How this is evidenced
Implementing good practice in transparency	<ul style="list-style-type: none"> Writing and communicating reports for the public and other stakeholders in <u>a fair, balanced and</u> understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate. Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand. 	<ul style="list-style-type: none"> Council website Meeting papers and minutes published on website Budgets and spending published on website Senior Officer remuneration published on website
Implementing good practices in reporting	<ul style="list-style-type: none"> Reporting at least annually on performance, value for money and the stewardship of its resources <u>to stakeholders in a timely and understandable way</u>. Ensuring members and senior management own the results <u>reported</u>. <u>Ensuring robust arrangement for a</u> Assessing the extent to which the principles contained in the is Framework have been applied and publishing the results on this assessment 	<ul style="list-style-type: none"> Publication of Statement of Accounts on website Annual Governance Statement produced and published on website Code of Corporate Governance refreshed annually in accordance with CIPFA/SOLACE principles Documents are scrutinised and approved by Senior Leadership Team, Cabinet and Audit Committee prior to publication Performance information and reports are published on the website

	<p>including an action plan for improvement and evidence to demonstrate good governance in action <u>(the annual governance statement.</u></p> <ul style="list-style-type: none"> Ensuring that the is Framework is applied to jointly managed or shared service organisations as appropriate. Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar entities <u>organisations.</u> 	<ul style="list-style-type: none"> VFM judgement by external auditors
Assurance and effective accountability	<ul style="list-style-type: none"> Ensuring that recommendations for corrective action made by external audit are acted upon. Ensuring an effective internal audit service with direct access to members is in place, which provides <u>ing</u> assurance with regard to governance arrangements and recommendations are acted upon. Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations. Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the Annual Governance Statement. Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met. 	<ul style="list-style-type: none"> The external auditors produce an Annual Audit Letter which is presented at Audit Committee and published on the website. The council produces a response to all issues and recommendations contained within. The Head of Internal Audit presents an annual report to Audit Committee to inform members of Internal Audit activity that has taken place during the year Audit Committee meets five times a year and receives reports from both Internal and External Audit The authority is subject to regular inspections from regulatory bodies, including Ofsted, Care Quality Commission etc. The outcomes of these inspections, together with the council's responses are made available via the website. Actions are reported to the Audit Committee. Annual Governance Statement produced and published on website The RTP Rotherham Plan and the supporting agreement. The partnership reports publicly periodically on its progress on the Plan and there is

		an annual delivery plan and updates on its website.
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Council Report

Audit Committee Meeting – 26th November 2019

Title

Anti-Fraud and Corruption Policy, Strategy and Self-assessment against CIPFA Code of Practice

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

No.

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director Finance and Customer Services.

Report Author(s)

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

Ward(s) Affected

All wards.

Report Summary

This report refers to a proposed update to the Council's Anti-Fraud and Corruption Policy and Strategy. The update follows an annual review process which is designed to ensure that the Policy and Strategy are up to date with current best practice and to take into account any changes to the Council's organisation structure. The CIPFA Code of Practice on Managing the Risk of Fraud and Corruption requires an annual report on performance against the Strategy. The self-assessment and resulting Action Plan are included in this report.

Recommendations

The Audit Committee is asked to:

- **approve the revised Anti-Fraud and Corruption Policy and Strategy, and**
- **note the proposed actions intended to strengthen the Council's fraud and corruption arrangements.**

List of Appendices Included:-

Appendix A – Anti Fraud and Corruption Policy 2018
Appendix B – Anti Fraud and Corruption Strategy 2018
Appendix C – Self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption

Background Papers

CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

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

Council Approval Required
No.

Exempt from the Press and Public
No.

Title: Anti-Fraud & Corruption Policy and Strategy

1. Background

- 1.1 Rotherham Metropolitan Borough Council, like every Local Authority, has a duty to ensure that it safeguards the public money that it is responsible for. It expects the highest standards of conduct and integrity from all who have dealings with it including staff; members; contractors; volunteers and the public. The Council is committed to the elimination of fraud and corruption and to ensuring that all activities are conducted ethically; honestly and to the highest possible standard.
- 1.2 The Council's last update of its Anti-Fraud and Corruption Policy and Strategy was in September 2018. This report provides an update to the Anti-Fraud and Corruption Policy and Strategy. As required by the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, an assessment against the Strategy has been completed and the results are included in this report.

2. Key Issues

- 2.1 The Council's updated Anti-Fraud & Corruption Policy is attached at **Appendix A** and the updated Strategy is included at **Appendix B**
- 2.2 The main changes to the previous versions are:
 - Reference to the new electronic system to declare interests, gifts and hospitality (Policy Para 4.8).
 - An update on the way to report a suspected wrongdoing under the Whistleblowing and Serious Misconduct Policy (Policy Para 5.3).
- 2.3 Attached at **Appendix C** is an update to the self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. This leads to the action plan for maintaining / developing the Council's arrangements.

3. Options Considered and Recommended Proposal

- 3.1 This report is presented to enable the Audit Committee to fulfil its responsibility for ensuring the Council has appropriate arrangements in place for managing the risk of fraud.

4. Consultation on Proposal

- 4.1 This section is not applicable to this report.

5. Timetable and Accountability for Implementing this Decision

- 5.1 Timescales for implementation of the actions are given in the Action Plan at Appendix C.

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 There are no legal implications arising from this report.

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 There are no immediate implications associated with the proposals.

10. Equalities and Human Rights Advice and Implications

10.1 There are no immediate implications associated with this report.

11. Implications for Partners

11.1 Implementation of the Anti-Fraud and Corruption Strategy will contribute towards ensuring the Council operates and maintains a culture in which fraud and corruption are understood to be unacceptable.

12. Risks and Mitigation

12.1 Failure to refresh the anti-fraud and corruption initiatives could expose the Council to increased risk of fraud and corruption as new and emerging risks appear.

13. Accountable Officer(s)

David Webster, Head of Internal Audit
Tel 01709 823282, E mail david.webster@rotherham.gov.uk



Anti-Fraud & Corruption Policy

A guide to the Council's approach to preventing fraud and corruption and managing any suspected cases.

October 2019

Contents

- 1. Background - Principles of Public Life.**
- 2. Policy Context.**
- 3. Anti-Fraud and Corruption Policy.**
- 4. How the Council Currently Manages the Risk of Fraud and Corruption.**
 - Internal Control Environment**
 - Key Controls**
 - Roles and Responsibilities**
 - Policies, Procedures and Controls**
 - Internal Audit Activity**
- 5. Procedure for the Reporting of Suspected Fraud and Corruption.**
- 6. Procedure for the Investigation of Suspected Fraud and Corruption.**

1. Background – Principles of Public Life

- 1.1 The Nolan Report relating to the Principles of Public Life published in 1997 defined seven general principles that should underpin public life. These were subsequently incorporated by the Government into the “Relevant Authorities (General Principles) Order 2001”. The Council expects both members and employees to follow these principles when carrying out their roles and responsibilities:-
- **Selflessness.** Holders of public office should act solely in terms of the public interest.
 - **Integrity.** Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
 - **Objectivity.** Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
 - **Accountability.** Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
 - **Openness.** Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
 - **Honesty.** Holders of public office should be truthful.
 - **Leadership.** Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.
- 1.2 The Council is fully committed to ensuring that it carries out its day to day operations in accordance with the principles of good Corporate Governance, including integrity, openness and accountability. These principles require a culture within the Council that is based upon honesty, where accountability is clear and where decisions and behaviours can be challenged.
- 1.3 An Anti-Fraud and Corruption Policy is an essential element of such a culture and signifies the Council’s expectation that elected Members and employees at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

2. Policy Context

- 2.1 The Council recognises that it is important that its policy is deliverable and clearly links to operational considerations. Our approach is articulated in the

Council's Anti-Fraud and Corruption Strategy, which is focused on identifying, delivering and monitoring outcomes, and an action plan which includes practical measures which ensures the Council's Policy is turned into practice.

3. Anti-Fraud and Corruption Policy

- 3.1 The Council is determined to prevent and eliminate all fraud and corruption affecting itself, regardless of whether the source is internally or externally based. Our strategy to reduce fraud is based on deterrence, prevention, detection, investigation, sanctions and redress within an over-riding anti-fraud culture. We will promote this culture across all our service areas and within the community as a whole. One pound lost to fraud means one pound less for public services. Fraud is not acceptable and will not be tolerated.
- 3.2 We will seek to promote an anti-fraud culture within our community by publicising the impact of fraud on the community. We will also seek to assist our partners and our community to understand and reduce fraud threats through a programme of awareness training. Furthermore, we will seek to deter fraudsters through specific publicity and general campaigns.
- 3.3 The Council takes a holistic approach to anti-fraud measures. Fraud prevention and system security is an integral part of the development of new systems and ongoing operations. Managers will consider the fraud threats and take advice where appropriate when implementing any financial or operational system.
- 3.4 To achieve this aim the Council will:-
- Identify the procedures to encourage Members, employees and the general public to report any suspicions of fraud and corruption in the knowledge that such reports will be treated confidentially and not result in discrimination against the person providing the information.
 - Identify procedures and policies within the Council to encourage prevention.
 - Promote detection.
 - Determine the procedure for investigation and subsequent actions required following the conclusion of the investigation.
- 3.5 The Policy is designed to supplement existing Council policies and procedures including Standing Orders and Financial Regulations, Codes of Conduct (Employees and Members) and the Disciplinary Procedure.
- 3.6 For ease of reference, this document lists the following existing Council policies, which form the key building blocks in the Council's anti-fraud and corruption governance arrangements:
- Financial and Procurement Procedure Rules
 - Code of Official Conduct
 - Members Code of Conduct
 - Anti-Money Laundering Policy

- Confidential Reporting Code / Whistleblowing Policy
- Regulation of Investigatory Powers Act Policy.

4. How the Council Currently Manages the Risk of Fraud and Corruption

4.1 In recent years the Council has experienced a relatively low level of detected fraudulent and corrupt activity. Where such activity has been identified prompt action has been taken to investigate and seek sanctions and redress. In its policies and procedures the Council gives out the clear message that it will not tolerate any impropriety by employees or Members.

4.2 The Council manages the risk of fraud and corruption in a number of ways:-

Internal Control Environment

4.3 The Council revised its Constitution in May 2018, incorporating responsibilities for decision making and rules of procedure. These procedures, together with detailed Financial and Procurement Procedure Rules, act as the framework for financial control within the Council. All officers are required to act in accordance with these rules and regulations when carrying out their duties.

4.4 The Council aims to have in place efficient and effective systems of control that as far as possible prevent potential fraudsters from exploiting weaknesses. The prime responsibility for maintaining such systems lies with service managers with support provided by the Council's Internal Audit function.

Key Controls

4.5 Corporate Governance best practice specifies that the following key controls should exist within an authority committed to the prevention of financial irregularities:

- The Authority has an effective anti-fraud and anti-corruption policy and maintains a culture that will not tolerate fraud or corruption
- All Members and employees act with integrity and lead by example.
- Senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the Authority or who are corrupt.
- High standards of conduct are promoted amongst Members by the Standards Committee, including the provision of advice and relevant training on matters relating to the Code of Conduct.
- A Corporate, electronic Register of Interests is maintained to enable Members and employees to record any financial or non-financial interests that may bring about conflict with the authority's interests.
- A Corporate, electronic, Register of Gifts and Hospitality is maintained to enable employees to record gifts and hospitality either received, or offered and declined, from the authority's contractors and suppliers.
- Confidential Reporting ("Whistle blowing") procedures are in place and operate effectively.
- All relevant legislation is adhered to.

- The risk of theft, fraud and corruption is specifically considered as part of the Council's risk management processes.

4.6 The Council is fully committed to ensuring that the examples of best practice indicated above are an integral part of its operations.

Roles and Responsibilities

4.7 Members should:

- Be aware of situations of potential conflict of interest and should always declare any interests and also the receipt of gifts and hospitality valued in excess of £25 that are in any way related to the performance of their duties as an elected member of the Council. Examples of situations of potential conflict include letting of contracts to external suppliers, planning and land issues. Members' conduct and decisions should always be seen to be impartial together with an obligation to ensure that confidential information is not improperly disclosed to others.

4.8 Strategic Directors will:

- Ensure that all suspected financial irregularities or financial impropriety that are brought to their attention are reported to the Head of Internal Audit.
- Instigate the Authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
- Maintain both a Departmental Register of Interests and a Departmental Register of Gifts and Hospitality. The system has recently moved from a paper system to an electronic one which is managed centrally by the Corporate Support Unit. Entries are forwarded to the relevant Directorate for the Line Manager / Senior Management to review and undertake an assessment of risk (if required).
- Ensure staff dealing with financial systems including cash handling and payment systems (cashier / payroll / creditors etc) are appropriately trained.
- Ensure that as far as possible all new employees, regardless of type of employment contract, have their honesty and integrity verified by authenticated written references and qualifications checks. In circumstances where potential employees are working with children and vulnerable members of society that Disclosure and Barring Service [DBS] checks are undertaken.

4.9 The Head of Internal Audit will:

- In conjunction with the Monitoring Officer develop and maintain an Anti-Fraud and Corruption Policy.
- Maintain adequate and effective internal control arrangements.

4.10 Employees should:

- Always be alert to the possibility of theft, fraud and corruption occurring in the workplace and be aware of the mechanisms available for reporting such issues to management within the Authority.

- Comply with the Council's Code of Official Conduct together with any additional code relating to their professional qualifications.
- Act in accordance with Financial and Procurement Procedure Rules.
- Declare any interests and offers of gifts and hospitality that are in any way related to the performance of their duties of employment at the Council.

Policies, Procedures and Codes

4.11 The Council has in place a Constitution and Codes of Conduct for both Members and officers. It also has Financial Regulations which provide clarity about accountabilities of individuals, Members and Chief Officers. Specific policies and procedures are in place regarding the Council's approach to fraud and corruption and these include:

- Anti-Fraud and Corruption Policy
- Anti-Money Laundering Policy
- Whistleblowing and Serious Misconduct Policy
- Employee Code of Conduct
- Members Code of Conduct.

4.12 These policies provide a framework within which the organisation operates. Having clear policies ensures clarity about the appropriate course of action in any given event. The policies ensure that a consistent and fair approach is taken during any investigations regarding suspected fraud or corruption; this is of particular importance where referral to the Police and Crown Prosecution Services is deemed appropriate.

Internal Audit Activity

4.13 The audit plan provides for system reviews of all major financial and management systems, whether computerised or manual, on a risk assessed basis. Auditors are required to be alert to the risk of fraud at all times in all their work.

5. Procedure for the Reporting of Suspected Fraud and Corruption

5.1 This procedure and the employee obligations contained within it have been adopted as Council policy and it is, therefore, incorporated into all employees' terms of employment and specified in Appendix 5a of the Employees Code of Official Conduct.

5.2 Anyone who suspects a fraud in the workplace, including fraud perpetrated by Council contractors, or who receives information from an external source regarding fraud, should **make an immediate note of all relevant details, including:**

- ✓ The date and time of the event.
- ✓ A record of conversations relating to the issue (including telephone conversations).

- ✓ The names of persons present (or description if the name is not known).
- ✓ Other details as appropriate, for example for vehicles the type, colour, registration etc.

They should also:

- ✓ Report any suspicions as rapidly as possible together with the relevant details to an appropriate level of authority and experience. This can either be a line manager **OR** the Internal Audit Service on Ext 23282 **OR** the Assistant Director Legal Services on Ext 55768 **OR** the Chief Executive on Ext 22770. Alternatively any suspicions may be put in writing to the **Head of Internal Audit, Riverside House, Main Street, Rotherham, S60 1AE**, with the envelope marked **“CONFIDENTIAL – TO BE OPENED BY THE ADDRESSEE ONLY”**.

Anyone suspecting fraud **should not**:

- ✗ Confront or accuse any suspected culprit directly.
- ✗ Try to investigate the matter themselves.
- ✗ Discuss their suspicions with anyone else other than the appropriate level of authority
- ✗ Be afraid to report a matter on the basis that any suspicions may be groundless; all reports will be treated on the basis that they are made in good faith.

5.3 A person who wishes to report a suspected serious wrongdoing under the whistleblowing policy should do so by:-

E-mail to: whistleblowing@rotherham.gov.uk

Telephone: Whistleblowing Hotline 01709 822400 where a recorded message can be left

Post to:- Whistleblowing,
c/o the Head of Legal Services,
Rotherham Metropolitan Borough Council,
Riverside House,
Main Street,
ROTHERHAM. S60 1AE

Setting out the following information:-

- Name: (unless they wish to be anonymous)
- Contact details (unless they wish to be anonymous)
- Who has committed the alleged serious wrong doing?
- What is the nature of the alleged serious wrong doing?

Alternatively a person wishing to report any suspected wrong doing may contact any of the three Whistleblowing Officers who are

- Monitoring Officer – Tel: 01709 823561

- S151 Officer – Tel: 01709 822046
- Head of Internal Audit – Tel: 01709 823282

The three Whistleblowing Officers are responsible for the oversight and operation of the Whistleblowing Policy, once a disclosure has been received by the Council.

Further, a person wishing to report any suspected wrongdoing may do so by contacting the Chief executive as below, providing the information as set out above:

- Chief Executive – Tel: 01709 822770

- 5.4 Council employees are also entitled to make a Protected Disclosure, under the Council's Whistleblowing Policy, through their manager, if they feel confident in approaching their manager to report a concern or allegation of serious wrongdoing that falls under this policy. The manager must follow the obligation of confidentiality, but must, as soon as possible, and no later than 2 working days after receiving the Protected Disclosure, log the disclosure in accordance with 5.2 above, and then confirm to the employee concerned, in writing or email, that this matter has been recorded.
- 5.5 The Council prefers anyone raising any suspicions not to provide information anonymously as it may be necessary for them to provide further information. However, all anonymous information that is received will be investigated. All reported suspicions will be dealt with sensitively and confidentially.
- 5.6 In the event that an employee does not feel comfortable in making a disclosure internally to Council officers, they are entitled to also make a Protected Disclosure in a number of other different ways:-
 - Local Councillors - Details of how to contact them and surgery hours are on the Council's website www.rotherham.gov.uk;
 - The Council's External Auditors. They are completely independent from the Council and can be contacted on 0113 245 5514 or by writing to them at:-
 Grant Thornton UK LLP,
 No 1 Whitehall Riverside
 Whitehall Road
 Leeds
 LS1 4BN
 - Relevant professional bodies;
 - Solicitors;
 - South Yorkshire Police - Telephone: 101;
 - Public Concern At Work (PCaW) - An independent authority which seeks to ensure that concerns about malpractice are properly raised and addressed in the workplace. PCaW can provide confidential advice at any stage about how to raise a concern about fraud or other serious malpractice in the workplace. PCaW can be contacted by telephone on 020 3117 2520. Contact details are on their website at www.pcaw.org.uk.

- 5.7 Concerns about a child safeguarding issue, e.g. that a child may have suffered harm, neglect or abuse, can be reported to the Children's Social Care Service on 01709 336080; or in an emergency contact South Yorkshire Police direct.
- 5.8 Adult safeguarding concerns can be reported to the Adult Care Service on 01709 822330, or in an emergency contact South Yorkshire Police direct.

6. Procedure for the Investigation of Suspected Fraud and Corruption

- 6.1 The responsibility for the prevention of fraud, other irregularities and error rests with management. Internal Audit is responsible for reporting to management on areas of weakness and deficiencies in internal controls and financial systems, together with investigating circumstances where occurrence of fraud is suspected.
- 6.2 Once management has discovered, or suspected, a fraud Internal Audit should be notified immediately.
- 6.3 When Internal Audit discovers or suspects a fraud, management of the relevant department should be contacted and discussion take place and agreement reached on how the matter will be investigated. The Chief Executive and Strategic Director Finance and Customer Services should be briefed regarding the issues.
- 6.4 Where the matter involves employees of the Council it will be necessary to tie the investigation into the Council's Disciplinary Procedure and it will be appropriate to consult with a Human Resource Service Manager to discuss procedures for possible suspension of the employee pending further investigation.
- 6.5 Members shall be informed of any investigation into Council affairs that requires reporting to the External Auditor as soon as is practical without prejudicing the investigation.
- 6.6 The objectives of any investigation shall be to:
- ✓ Prove or disprove the original suspicions of fraud.
 - ✓ Provide evidence in an appropriate format to substantiate proven cases of fraud.
 - ✓ To implement appropriate controls to prevent a recurrence of the incident.
- 6.7 The investigation should be conducted by Internal Audit in conjunction with management of the department in the following manner:
- ✓ Secrecy and confidentiality shall be maintained at all times.
 - ✓ An early decision may be required, in consultation with Human Resources, on whether to suspend an employee to ensure evidence is not tampered with, subject to the proviso that the suspension does not prejudice the outcome of the investigation.

- ✓ All documentation and evidence that is relevant to the investigation should be requisitioned and secured at an early stage by either management or Internal Audit. Evidence and relevant information should be properly documented, considered and evaluated and returned on the conclusion of the investigation.
- 6.8 Interviews with potential perpetrators of fraud will normally be held both at the beginning and at the end of an investigation. However, this procedure may be subject to alteration dependent upon circumstances. Interviews will be held in accordance with the Council's disciplinary procedure and, in cases where the person(s) under investigation are employees of the Council, they will be allowed to have a work colleague, friend, or trade union representative present.
- 6.9 Once a decision has been reached after interviewing the suspect, the following further matters will need to be considered:
- Involvement of Police: the Council should always have a consistent and fair approach to the involvement of the Police in proven cases of fraud and corruption. The question of Police involvement should be discussed by the relevant Strategic Director, the Strategic Director Finance and Customer Services, the Head of Internal Audit and the Human Resources Service Manager for the relevant area. The Chief Executive should then be informed of the decision reached. In appropriate cases the Police will be notified, in order for them to investigate and determine with the Crown Prosecution Service whether any prosecution will take place.
 - Informing the External Auditor: the External Auditor should always be informed of the outcome of all fraud investigations as required to fulfil their role relating to fraud.
 - Review of Systems - where a fraud has occurred as a result of weaknesses in existing systems, then steps must be taken to remedy the problem to prevent recurrence.
 - Insurance / Recovery of Losses incurred: Chief Officers shall take appropriate action to ensure that the losses incurred by the Council are minimised including:
 - (i) Recovering losses directly from the perpetrator of the fraud.
 - (ii) Recovery from an employee's contributions to the Superannuation Fund, where appropriate.
 - (iii) Claiming against the Council's insurance policy.



Anti-Fraud & Corruption Strategy

Contents

- 1. Introduction**
- 2. Purpose and Objectives of this Document**
- 3. What is Fraud and Corruption?**
 - Fraud**
 - Theft**
 - Corruption**
 - Bribery**
- 4. Objectives of the Strategy**
- 5. Defining Success**
- 6. Keeping Ahead**
- 7. Whistleblowing Arrangements**
- 8. Delivery Plan**

1. Introduction.

Context

- 1.1 Fraud affects the UK across all sectors and causes significant harm. The last, most reliable and comprehensive set of figures relating to fraud was published by the University of Portsmouth Centre for Counter Fraud Studies in 2016, and indicates that fraud may be costing the UK £193bn a year.
- 1.2 The Council employs around 7,200 staff and spends around £670 million per year. The Council both commissions and provides a wide range of services to individuals and households, working with a range of many other private and public and voluntary sector organisations. The size and nature of our services, as with any other large organisation, mean that there is an ever-present risk of loss due to fraud and corruption, from sources both internal and external.
- 1.3 RMBC takes a responsible, long-term view of the need to continuously develop anti-fraud initiatives and maintain its culture of anti-fraud awareness.
- 1.4 The Council expects all Councillors, employees, consultants, contractors and service users to be honest, and to provide any information, help and support the Council needs to prevent and detect fraud and corruption.

Links to Strategic Objectives

- 1.5 The Council developed a new Council Plan for 2019-20 and the Cabinet continues to work to ensure Council decisions reflect the concerns of local people and the needs of local communities.
- 1.6 The Council has sought expert guidance to strengthen its Scrutiny System and are also working more proactively with partners across Rotherham on new arrangements for joint working in the best interests of local communities.
- 1.7 An effective anti-fraud and corruption policy and strategy is a critical component of the Council's improved scrutiny and governance framework and will support partnership objectives to create safe and healthy communities.

2. Purpose and Objectives of this Document.

- 2.1 The purpose of this document is to outline the strategy for taking forward counter fraud and corruption work within RMBC. Whilst the term 'anti-fraud' is used in the document, the strategy also covers anti-theft and anti-corruption measures, including bribery.
- 2.2 The key objectives of this anti-fraud strategy are to maintain minimal losses through fraud and corruption and embed the management of fraud risk within the culture of the organisation. These objectives will be achieved by ongoing revision and implementation of a plan of action, based on a fraud self-assessment against the

CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.
 ("Chartered Institute of Public Finance and Accountancy, Code of Fraud Risk Management, CIPFA, 2014").

3. What is Fraud and Corruption?

Fraud

3.1 The Fraud Act 2006 came into force on 15th January 2007 as a response to the recommendations of the Law Commission Report 'Fraud' published in 2002. The Act repeals the deception offences enshrined in the 1968 and 1978 Theft Acts and replaces them with a single offence of fraud which can be committed in three separate ways: -

- False representation.
- Failure to disclose information where there is a legal duty to do so.
- Abuse of position.

The Act also created four new offences of: -

- Possession of articles for use in fraud.
- Making or supplying articles for use in fraud.
- Obtaining services dishonestly.
- Participating in fraudulent business.

3.2 CIPFA defines fraud as "the intentional distortion of financial statements or other records by persons internal or external to the organisation which is carried out to conceal the misappropriation of assets or otherwise for gain".

Theft

3.3 Theft is defined in the 1968 Theft Act:-

'A person shall be guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it'.

Corruption

3.4 The Council defines the term "corruption" as:-

"The offering, giving, soliciting or accepting of any inducement or reward which would influence the actions taken by the body, its members or officers."

Bribery

3.5 A bribe is:

"A financial or other advantage that is offered or requested with the intention of inducing or rewarding the improper performance of a relevant function or activity, or with the knowledge or belief that the acceptance of such an advantage would constitute the improper performance of such a function or activity" [CIPFA].

- 3.6 The Bribery Act 2010 replaces the common law offences of offering or accepting a bribe with two statutory offences (S1 and S2). The Act also creates two further offences: namely that of bribing or attempting to bribe a foreign official (S6) and being a commercial organisation failing to prevent bribery (S7). An S7 offence can only be committed by a commercial organisation.
- 3.7 The 'Corruption Acts 1889 to 1916' are repealed in their entirety. Wider offences are created by the Act which mean that the more specific offences created by the old Acts serve no practical purpose. Other statutes less relevant to Local Authorities have been repealed or amended by the Act and a full list is in one of the schedules of the Act.

4. Objectives of the Strategy.

- 4.1 The Council's objectives for its anti-fraud and corruption strategy are to maintain minimal losses through fraud and corruption and further embed management of fraud risk within the culture of the organisation. The intention is to achieve this by implementing the CIPFA Fraud Standards which state that the foundations of an effective anti-fraud framework comprise five key elements:
- Acknowledge responsibility
 - Identify risks
 - Develop a strategy
 - Provide resources
 - Take action.

5. Defining Success.

- 5.1 Activity should not be confused with outcomes. The focus should always be fixed firmly on the clear outcomes described above for work to counter fraud and corruption. It is important that outcomes relate to the actual sums lost to fraud and corruption rather than to the activity around it. This is no different from a commercial organisation focusing on profit rather than turnover. While activity can give an organisation the air of being busy and, therefore, successful, what matters is the bottom line. Preventing fraud prevents losses that can be directed into core business. A comprehensive and professional approach to countering fraud and corruption is required to effectively protect an organisation's valuable resources.

6. Keeping Ahead.

- 6.1 In order to try and stay one step ahead of the fraud to which the Council may be exposed, it is necessary to undertake a regular review of national developments and strengthen systems and procedures. Key sources of information that are used to inform the ongoing continuous improvement of the Anti-Fraud Strategy are:
- National Audit Office Publications
 - Audit Commission Publications / HM Treasury Publications

- CIPFA Better Governance Forum (IPF).
- National Anti-Fraud Network
- Member of the South and West Yorkshire Fraud Group.

7. Whistleblowing Arrangements

- 7.1 The best fraud fighters are the staff and clients of local authorities. To ensure that they are supported to do the right thing, a comprehensive, management led, anti-fraud and corruption culture needs to be maintained, including clear whistleblowing arrangements. These arrangements should ensure that staff and the public have access to a fraud and corruption whistle-blowing helpline, and should be kept under review. The Council refreshed its whistleblowing arrangements in 2019.

8. Delivery Plan

- 8.1 The Council's own arrangements are consistently checked against best practice guidance including the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

Self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

- 1.1 The Council's objectives for its anti-fraud and corruption strategy are to maintain minimal losses through fraud and corruption and further embed management of fraud risk within the culture of the organisation. The intention is to achieve this by implementing the CIPFA Fraud Standards which state that the foundations of an effective anti-fraud framework comprise five key elements:
- Acknowledge responsibility
 - Identify risks
 - Develop a strategy
 - Provide resources
 - Take action.
- 1.2 In the Audit Commission's publication, "Protecting the Public Purse 2014", the Commission encourages all public bodies, including local authorities, to assess themselves against the CIPFA Code.
- 1.3 Internal Audit completes a self-assessment against the CIPFA checklist annually and a fraud and corruption action plan is produced to indicate actions that will be taken to ensure compliance with the Code. Completion of the self-assessment exercise helps the Council demonstrate substantial compliance with best practice, as well as providing a framework upon which to further develop its Anti-Fraud and Corruption Strategy.

Self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption

Appendix C

The five key principles of the code are to:	Specific steps should include:	RMBC Compliance Y/N/P [partial]	Details of compliance	Action required	Action Plan Rec Ref
A Acknowledge responsibility The governing body should acknowledge its responsibility for ensuring that the risks associated with fraud and corruption are managed effectively across all parts of the organisation.	A1 The organisation's leadership team acknowledge the threats of fraud and corruption and the harm they can cause to the organisation, its aims and objectives and to its service users.	Y	Anti-Fraud & Corruption Strategy and Policy document presented to Audit Committee on 19 th September 2018.		
	A2 The organisation's leadership team acknowledge the importance of a culture that is resilient to the threats of fraud and corruption and aligns to the principles of good governance.	Y	As above		
	A3 The governing body acknowledges its responsibility for ensuring the management of its fraud and corruption risks and will be accountable for the actions it takes through its governance reports.	Y	As above		
	The governing body sets a specific goal of ensuring and maintaining its resilience to fraud and corruption and explores opportunities for financial savings from enhanced fraud detection and prevention.	Y	As above		

Self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption

Appendix C

The five key principles of the code are to:	Specific steps should include:	RMBC Compliance Y/N/P [partial]	Details of compliance	Action required	Action Plan Rec Ref
B Identify risks Fraud risk identification is essential to understand specific exposures to risk, changing patterns in fraud and corruption threats and the potential consequences to the organisation and its service users.	B1 Fraud risks are routinely considered as part of the organisation's risk management arrangements.	Y	Fraud risks are routinely considered by risk champions.		
	B2 The organisation identifies the risks of corruption and the importance of behaving with integrity in its governance framework.	Y	Anti-Fraud & Corruption Strategy and Policy. Code of Official Conduct.		
	B3 The organisation uses published estimates of fraud loss, and where appropriate, its own measurement exercises, to aid its evaluation of fraud risk exposures.	Y	When formulating the Internal Audit [IA] Plan, IA considers published national estimates of fraud loss. IA also considers previous fraud losses.		
	B4 The organisation evaluates the harm to its aims and objectives and service users that different fraud risks can cause.	Y	Fraud risks are considered as part of the standard evaluation of risks.		

Self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption

Appendix C

The five key principles of the code are to:	Specific steps should include:	RMBC Compliance Y/N/P [partial]	Details of compliance	Action required	Action Plan Rec Ref
C Develop a strategy An organisation needs a counter fraud strategy setting out its approach to managing its risks and defining responsibilities for action.	C1 The governing body formally adopts a counter fraud and corruption strategy to address the identified risks and align with the organisation's acknowledged responsibilities and goals.	Y	Anti-Fraud & Corruption Strategy and Policy document presented to Audit Committee on 19 th September 2017.		
	C2 The strategy includes the organisation's use of joint working or partnership approaches to managing its risks, where appropriate.	Y	See Anti-Fraud & Corruption Strategy Sections 1.6 and 1.7.		
	C3 The strategy includes both proactive and responsive approaches that are best suited to the organisation's fraud and corruption risks. Proactive and responsive components of a good practice response to fraud risk management are set out below :				
	Proactive Developing a counter-fraud culture to increase resilience to fraud.	Y	Mentioned many times within the Anti-Fraud & Corruption Policy. The Fraud Awareness E-Learning course, rolled out in 17-18 has now been made mandatory to 1059 staff and at present, 829 have completed the course.	The e-learning course will be made mandatory every 3 years.	Rec 1

Self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption

Appendix C

The five key principles of the code are to:	Specific steps should include:	RMBC Compliance Y/N/P [partial]	Details of compliance	Action required	Action Plan Rec Ref
	Proactive Preventing fraud through the implementation of appropriate and robust internal controls and security measures.	Y	Anti-Fraud & Corruption Policy, Section C1. Anti-Fraud & Corruption Policy, section 4.3 and 4.4.		
	Proactive Using techniques such as data matching to validate data	Y	See Anti-Fraud & Corruption Policy, section C.1. We participate in the National Fraud Initiatives data matching exercise. We are a member of the West & South Yorkshire Fraud Group.		
	Proactive Deterring fraud attempts by publicising the organisation's anti-fraud and corruption stance and the actions it takes against fraudsters	P	Anti-Fraud & Corruption Policy, section E4. Council website includes facility to report Blue Badge / Benefit fraud / Trading Standards	Anti-Fraud & Corruption Policy and Strategy will be uploaded to the Council's website.	Rec 2
	Responsive Detecting fraud through data and intelligence analysis		See Anti-Fraud & Corruption Strategy, section C.1		

Self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption

Appendix C

The five key principles of the code are to:	Specific steps should include:	RMBC Compliance Y/N/P [partial]	Details of compliance	Action required	Action Plan Rec Ref
		Y	Internal Audit uses analytics for fraud and non-fraud work:		
	Responsive Implementing effective whistleblowing arrangements.	Y	Anti-Fraud & Corruption Strategy, section 8.3		
	Responsive Investigating fraud referrals.	Y	See Anti-Fraud & Corruption Strategy, section C.1 Link to Fraud and Investigation Plan and Disciplinary Procedures.		
	Responsive Applying sanctions, including internal disciplinary, regulatory and criminal.	Y	Anti-Fraud & Corruption Strategy, section C.1.		
	Responsive Seeking redress, including the recovery of assets and money where possible	Y	Anti-Fraud & Corruption Strategy, section C.1.		
	C4 The strategy includes clear identification of responsibility and accountability for delivery of the strategy and for providing oversight.	Y	Anti-Fraud & Corruption Policy 4.3.		

Self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption

Appendix C

The five key principles of the code are to:	Specific steps should include:	RMBC Compliance Y/N/P [partial]	Details of compliance	Action required	Action Plan Rec Ref
D Provide resources The organisation should make arrangements for appropriate resources to support the counter fraud strategy.	D1 An annual assessment of whether the level of resource invested to counter fraud and corruption is proportionate for the level of risk.	Y	The IA Planning exercise matches resources to risk.		
	D2 The organisation utilises an appropriate mix of experienced and skilled staff, including access to counter fraud staff with professional accreditation	Y	IA staff includes 1 fraud qualified staff, and other very experienced staff.		
	D3 The organisation grants counter fraud staff unhindered access to its employees, information and other resources as required for investigation purposes.	Y	All IA staff has such access, in accordance with Financial Regulations.		
	D4 The organisation has protocols in place to facilitate joint working and data and intelligence sharing to support counter fraud activity.	Y	The Council participates in the National Fraud Initiative and follows agreed protocol. Also a member of the West and South Yorkshire Fraud group.		

Self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption

Appendix C

The five key principles of the code are to:	Specific steps should include:	RMBC Compliance Y/N/P [partial]	Details of compliance	Action required	Action Plan Rec Ref
E Take action The organisation should put in place the policies and procedures to support the counter fraud and corruption strategy and take action to prevent, detect and investigate fraud.	E1 The organisation has put in place a policy framework which supports the implementation of the counter fraud strategy. As a minimum the framework includes: <ul style="list-style-type: none"> • Counter fraud policy • Whistleblowing policy • Anti-money laundering policy • Anti-bribery policy • Anti-corruption policy • Gifts and hospitality policy and register • Pecuniary interest and conflicts of interest policies and register • Codes of conduct and ethics • Information security policy • Cyber security policy 	Y	These documents are available on the Council Internal Audit Intranet page.		
	E2 Plans and operations are aligned to the strategy and contribute to the achievement of the organisation's overall goal of maintaining resilience to fraud and corruption.	Y			
	E3 Making effective use of national or sectoral initiatives to detect fraud or prevent fraud, such as data matching or intelligence sharing.	Y	The Council participates in the National Fraud Initiative		

Self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption

Appendix C

The five key principles of the code are to:	Specific steps should include:	RMBC Compliance Y/N/P [partial]	Details of compliance	Action required	Action Plan Rec Ref
	E4 Providing for independent assurance over fraud risk management, strategy and activities.	Y	Annual self-assessment in conjunction with Fighting Fraud & Corruption Locally 2016-19 Checklist.		
	E5 There is a report to the governing body at least annually on performance against the counter fraud strategy and the effectiveness of the strategy from the lead person(s) designated in the strategy. Conclusions are featured in the annual governance report.	Y	Progress against the Anti-Fraud and Corruption Plan is reported to Audit Committee, but is not in the AGS.	To be included in the AGS for 2019-20	Rec 3
Applying the code in practice	Where organisations are making a statement in an annual governance report about their adherence to this code, one of the following statements should be approved according to whether the organisation conforms to the code or needs to take further action. The statement should be approved by the governing body and signed by the person responsible for signing the annual governance report. Statement 1 Having considered all the principles, I	Y	See above.		

Self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption

Appendix C

The five key principles of the code are to:	Specific steps should include:	RMBC Compliance Y/N/P [partial]	Details of compliance	Action required	Action Plan Rec Ref
	<p>am satisfied that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud, or</p> <p>Statement 2 Having considered all the principles, I am satisfied that, subject to the actions identified below, the organisation has adopted a response that is appropriate.</p>				

Self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption

Appendix C

Action Plan				
Rec	Guidance	Action	Officer	Target date
1	Developing a counter fraud culture to increase resilience to fraud.	The e-learning course will be made mandatory every 3 years.	Head of Internal Audit	31 March 2020
2	Deterring fraud attempts by publicising the organisation's anti-fraud and corruption stance and the actions it takes against fraudsters.	Anti-Fraud & Corruption Policy and Strategy will be uploaded to the Council's website.	Head of Internal Audit	31 December 2019
3	Conclusions of the annual report on performance and effectiveness of the strategy are featured in the Annual Governance Statement.	To be included in the AGS for 2019/20.	Head of Internal Audit	31 May 2020

Committee Name and Date of Committee Meeting

Audit Committee – 26 November 2019

Report Title

Risk Management Policy and Guide Refresh 2019

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

No

Strategic Director Approving Submission of the Report

Shokat Lal, Assistant Chief Executive

Report Author(s)

Simon Dennis (*Corporate Risk Manager*)

Assistant Chief Executive's Department

Extension 22114

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Ward(s) Affected

Borough-Wide

Report Summary

The Council introduced a completely revised Risk Policy and Guide in late 2015 which was approved by the Audit Committee on 24th November 2015. The Policy and Guide has been received and refreshed annually since then and was last considered by the Committee on 27th November 2019.

The changes to the Policy and Guide this year are minimal. This is because the Council's Risk Management processes have been working effectively and it is the view of the Risk Champions group that implementing significant change at this point would be unnecessarily disruptive to the development of risk management in the Council. Last year's refresh was more extensive and included removal of references to the Commissioners, changes to numbering conventions and an adaptation of the format of our Risk Registers.

In the course of the coming year, work will be commenced on an adaptation to the style of the risk registers to reflect lessons learned since the adoption of the "word based" version last year.

Recommendation

1. **The Audit Committee is asked to note and approve the attached reviewed Risk Management Policy and Guide.**

List of Appendices Included

Appendix 1 – Revised Risk Management Policy and Guide

Background Papers

Report to Audit Committee; 29th November 2018 (Risk Management Policy and Guide Refresh)

Report to Audit Committee; 29th January 2019 (Corporate Strategic Risk Register)

Report to Audit Committee: 30th July 2019 (Corporate Strategic Risk Register)

Consideration by any other Council Committee, Scrutiny or Advisory Panel

See above. This paper is not intended to be circulated to other Council Committees or Panels.

Council Approval Required

No

Exempt from the Press and Public

No

Risk Management Policy and Guide Refresh 2019

1. Background

1.1 The Council's ongoing risk and assurance aims are:

- To provide Members and Senior Officers an understanding of the key risks facing the Council and its community, and to show how these risks are being effectively mitigated.
- To implement and maintain a fluid process for business as usual management of risks relevant to our objectives, outcomes, services and assets.
- To align reporting mechanisms for finance, risk, audit and performance providing members and senior officers triangulated risk and assurance profiles.
- To continue to meet the requirements of our external auditor and compliance providers.

1.2 This short report aims to inform the Committee of the results of a review and refresh of the Council's risk Management Policy and Guide.

2. Risk Management Policy and Guide Refresh

2.1 The Council introduced a completely revised Risk Policy and Guide in late 2015 which was approved by the Audit Committee on 24th November 2015. The Policy and Guide has been received and refreshed annually since then and was last considered by the Committee on 27th November 2019.

2.2 There have been no significant changes to the Council's overall management and governance arrangements over the past twelve months and the specific risk management processes we operate have remained broadly unchanged. The risk management arrangements have been assessed against ISO31000 by Internal Audit and the three recommendations made have been implemented, none of which impact on the Policy and Guide.

2.3 As a result of the above, there have been no significant changes in either the Risk Management Policy or in the Guide. Any amendments have been limited to the correction of typos and the updating of dates and names. Last year's amendment introduced significant changes including the removal of references to the Corporate Improvement Plan and Commissioners as well as expanding on the role of the Audit Committee in Risk Management to align with the Committee's current Terms of Reference.

- 2.4 Work is continuing to implement the principles contained in the Risk Management Guide and to further embed risk management processes across the Council's operations. As a key part of this process, the Risk Champions group has continued to meet regularly to co-ordinate and drive Risk Management development throughout the Council. For information, the Risk Champions Group consists of:

Directorate	Risk Champion(s)
Children and Young People	Dean Fenton
Adult Care, Housing and Public Health	Jo Hinchcliffe, Paul Elliott, Malcolm Chiddey
Finance and Customer Services	Andrew Shaw
Regeneration and Environment	Liz Kemp
Assistant Chief Executive	Paul Cosgrove

- 2.5 In addition to the work of the Risk Champions group, the main driver behind embedding Risk Management is continued training for staff at Management levels in the Council. A programme of training is in place so that new starters in M2 grades and above are trained in the Council's Risk Management processes. It is a requirement that all new starters at M2 level and above attend the Risk Management training course and up to 70 members of staff attend the course each year. There is also a requirement for all staff, irrespective of their grade, to complete the online Risk Management training module.
- 2.6 The Policy and Guide underpins the Council's approach to risk management and continues to underpin all Risk Management training and Risk Registers, as it has since its introduction in its revised form approval three years ago. The Policy and Guide is available to all staff through the intranet and all managers are referred to it when they complete their risk management training.
- 2.7 The Policy and Guide is attached at Appendix A

3. Options considered and recommended proposal

- 3.1 As this paper only considers the refresh of the Risk Management Policy and Guide, no specific options have been considered.

4. Consultation

- 4.1 The Risk Management Policy and Guide on which this update is based was originally considered by a joint workshop of SLT and Assistant Directors on 15th December 2016. It also reflects includes comments that the Risk Champions Group have raised.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The Corporate Risk Manager will be responsible for ensuring that the revised Risk Management Policy and Strategy are implemented once approved.

6. Financial and Procurement Implications

- 6.1 The Risk Policy and Strategy does not require additional cost at this time. There are no procurement issues. The risks contained in the Council's risk registers require ongoing management action. In some cases additional resources may be necessary to implement the relevant actions or mitigate risks. Any additional costs associated with the risks are reported to Strategic Leadership Team and elected Members for consideration.

7. Legal Implications

- 7.1 There are no direct legal implications arising from our risk management arrangements. Any actions taken by the Council in response to risks identified will take into account any specific legal implications.

8. Human Resources Implications

- 8.1 There are no Human Resources implications associated with this report.

9. Implications for Children and Young People and Vulnerable Adults

- 9.1 Risk Management Arrangements are designed to identify Children and Young People's Services and Adult Services risks where appropriate.

10. Equalities and Human Rights Implications

- 10.1 Proposals for addressing individual risks captured by our arrangements incorporate equalities and human rights considerations where appropriate.

11. Implications for Partners and Other Directorates

- 11.1 With our partners we have developed a joint risk register which covers the work of the Rotherham Together Partnership. This risk register is owned by the Partnership Chief Executive Group and is periodically reviewed by that group.

12. Risks and Mitigation

- 14.1 It is important to review the effectiveness of our approach to capturing, managing and reporting risks on an ongoing basis. This report sets out how the approach to risk management will be developed over the course of the coming year.

13. Accountable Officer:

Simon Dennis (Corporate Risk Manager)

Approvals Obtained from:-

Shokat Lal, (Assistant Chief Executive)

This report is published on the Council's website or can be found at:

<http://moderngov.rotherham.gov.uk/ieDocHome.aspx?Categories>

Rotherham Metropolitan Borough Council

Risk Management Policy and Guide

(Revised November 2019)



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Rotherham Council: Risk Management Policy 2019

1. Introduction

- 1.1 Risk management is about managing threats and opportunities. By managing the Council's risks effectively we will be in a stronger position to deliver the Council's objectives.
- 1.2 This Policy commits to the application of risk management within the Council's planning and business processes and its organisation culture. It should be read in conjunction with the Risk Management Guide, which shows in practice how effective risk management will be achieved.
- 1.3 This Risk Management Policy and Guide form a key part of the Council's Corporate Governance Assurance Framework. It is also closely linked to the Performance Management Framework and is important in supporting the delivery of effective performance and outcomes in the Council and for our citizens.

2. Approach to Managing Risks

- 2.1 Rotherham Council recognises that risk management is an integral part of good governance. Managing our risks effectively contributes to the delivery of the strategic and operational objectives of the authority. To do this:
 - We will incorporate the principles of effective risk management into existing planning and management processes, including major projects and partnerships, to achieve a degree of formality and consistency.
 - Risk management will be linked to and will inform decision making across the Council.
 - We will provide appropriate training and guidance for Council Members and staff so they can carry out their roles relating to risk management
 - We will promote a risk management culture throughout the organisation and with our partners.
 - The Council's Audit Committee will hold the organisation and its Members and managers to account for their management of risks by:
 - monitoring the effective development and operation of Risk Management in the Authority
 - Monitoring progress in addressing risk related issues reported to the Committee
 - Considering the Council's framework of assurance and ensuring that it adequately addresses the risks and priorities of the Council

3. Risk Appetite

- 3.1 Risk appetite is the degree to which the Council is willing to accept risk in the pursuit of its objectives. In order for the Council to achieve its objectives, some amount of risk taking is inevitable. The awareness of risk and the appropriate management of it can lead to the realisation of opportunities and, in this respect, risk is not a negative concept.

- 3.2 Decisions will depend on the nature of the risk, the potential losses or gains, and the quality of information about the risk in question. The Council may choose to accept risks that cannot be mitigated or reduced, but it should always be able to justify its decisions based on the risk information available. The Risk Management Guide includes more detail on the Council’s definition of risk appetite which is key to determining which risks should be accepted and which should be mitigated or reduced.

4. Roles and Responsibilities

- 4.1 Clear roles of responsibility have been established for the successful implementation of the Council’s Risk Management Policy. These roles are outlined in the Risk Management Guide.

5. Monitoring, Reviewing & Reporting Risks

- 5.1 Strategic risks will be monitored at corporate level and operational risks will be monitored and reviewed at Directorate level. Risks may be promoted and demoted as part of the review processes, enabling the Council to effectively react to changes in priorities and/or risks.

6. Review

- 6.1. The Risk Management Policy and Guide will be reviewed each financial year to incorporate lessons learned, to accurately reflect the Council’s position and to continually improve its risk management arrangements.

Councillor Chris Read, Leader

Date

Councillor Ken Wyatt, Chair, Audit Committee

Date

Sharon Kemp, Chief Executive

Date

Rotherham Council: Risk Management Guide 2019

7. Introduction

- 7.1 Rotherham MBC recognises that risk management is a principal element of good Corporate Governance. Effective risk management supports and underpins achievement of the key objectives set out in the Council's Plan, which in turn aims to improve the quality of life and services for all local people.
- 7.2 Members and employees are expected to play an active and positive role in embedding risk management in all activities and in the organisation culture.
- 7.3 This Risk Management Guide provides a step by step approach to the Council's delivery of effective risk management. The Guide should be read in conjunction with the Risk Management Policy.
- 7.4 The Guide introduces the concept of risk and risk management, explains the general principles of risk management and clarifies the approach to and ownership of risk management within Rotherham Council.
- 7.5 This Guide shows how risk management should be approached by each service area. It provides guidance on completing the individual stages of the risk management process to help services to identify, evaluate, manage, monitor and review risks.

8. Risk and Risk Management

- 8.1 A risk can be broadly defined as an event that, should it occur, will impact on the delivery of strategic or service objectives. Risks can be identified by posing three questions:
 - What could go wrong?
 - Would it prevent you from delivering your objectives?
 - What would the impact be on your service?

An opportunity can be defined as an uncertainty that could have a favourable impact on objectives or benefits.

- 8.2 Risk management is the process by which we identify, evaluate and manage risks and opportunities. It is a positive process that can help the Council achieve positive outcomes from the decisions it makes.
- 8.3 Risk management should not simply be a process of identifying the negatives of why a decision, action or opportunity should not be taken as this can lead to a failure to pursue opportunities. Risk management, if used effectively, can help the Council to pursue innovative opportunities with higher levels of risk because exposure to risk is understood and managed down to acceptable levels.
- 8.4 Every organisation manages risk on a daily basis but not always in a way that is visible, repeatable and consistently applied throughout the organisation. A risk management process tries to ensure that the organisation undertakes cost-effective actions to manage and control risk to acceptable levels, through everyone following a well-defined and structured process. The aim of risk management is to enable better decision making, by having the best understanding of the potential problems before they happen and to enable pre-emptive action to be taken.

9. Objectives of Risk Management

9.1 The Council's risk management objectives are to:

- Promote a culture of risk management at all levels to inform all strategic and operational decision making and planning
- Ensure the Council successfully manages risks and opportunities corporately, operationally and within projects and partnerships
- Ensure that all parties understand their roles and responsibilities in the implementation of effective risk management
- Ensure that risk management makes an effective contribution to Corporate Governance and a satisfactory Annual Governance Statement
- Provide simple, intuitive processes to assist in the identification and prioritisation of risk and the appropriate allocation of resources
- Incorporate the principles of effective risk management into all planning and management processes to achieve consistency of approach
- Provide appropriate training and guidance for all parties involved in risk management roles, to enable them to fulfil their responsibilities and ensure the benefits of good corporate governance are realised
- Encourage the identification and sharing of potential or emerging risks so that risk prevention measures to be formulated as necessary
- Regularly consult with Members and officers in order to maintain a continuous review of the effectiveness of risk management processes.

9.2 The Council recognises it is not always possible, nor desirable, to eliminate risk entirely, and so has comprehensive insurance cover that protects the Council from significant financial loss following any damages or losses.

10. Approach to Risk Management

10.1 The risk management approach is based on good practice and can be applied at all levels of the organisation. It describes the key steps for identifying and managing risks within the Council. The approach intends to promote risk management as a positive process. It can bring value and benefit to each service area within the Council, by helping to identify and deal with issues before they happen.

10.2 Rotherham MBC utilises a five step approach in the identification and treatment of risks:



10.2.1 Step 1: Identify Risk – the identification of risk and its consequences.

It is important that all members of staff are involved in the risk management process. Managers should ensure that there is a process in place for employees to actively report risks as and when they arise, or when the profile or size of any risk changes. Risk should be on the agenda of all team meetings at any level in the organisation and also included and recorded in Performance Development Review discussions.

There are a number of ways that managers and staff can identify their risks. These sources include:-

- **Risk Workshops** – involve all stakeholders and ensure that the forum allows open and honest discussion. It is important to allow workshops to be as open as possible with no fear of come back. All initial ideas should be recorded and then reviewed one by one.
- **One to one meetings** – with staff who are involved in the delivery of the service within the Council.
- **Corporate Performance Management Process** – the corporate performance management process and those operating in each directorate and service area are important systems for identifying emerging risk – any risk identification process should take account of current performance information. This should also include reference to the Service Plan for the Service.
- **Learning from experience** – compare risks from similar operations – both internally and within peer groups at other authorities. Utilise any findings from recent reports by Internal Audit, regulatory bodies or Health and Safety teams; accident and incident reports; complaints; insurance claims etc. Reference could also be made to the Service's Business Continuity arrangements.

When considering the identification of risks, care should be taken to consider potentially high impact risks. This would particularly include hidden or underestimated threats that can cause serious damage such as fraud, cybercrime, social media IT failures and problems caused by third parties. Fraud risks are specifically considered in each Directorate through using a tailored fraud risk list. These lists can be obtained from your Risk Champion.

There are a number of different types of risks that the Council may face which form the acronym "Performance". These include:

- **P**olitical Implications
- **E**conomic Impact
- **R**egulatory Requirements
- **F**inancial loss
- **O**utcomes
- **R**eputational damage
- **M**anagement
- **A**sset Loss or damage
- **N**ew Partnerships/Contracts/Projects
- **C**ustomer/Citizen Impact
- **E**nvironmental Impact

Having thought through the risks in each of these areas, the focus should then be on identifying risks (or opportunities) that are most likely to affect the performance and delivery of the Council's and/or services' priorities and their consequences. Any risks should also be identified in narrative performance reporting and Improvement Plan reporting.

When recording risks on the relevant Risk Register, each risk should be clearly linked to a Priority in the Council Plan (if a Strategic Risk) or a Service Plan Objective (for Directorate or Service Risks). Each risk should also be allocated its own unique reference number when it is entered in the relevant risk register. At this stage the risk register (an example of which is included at Appendix A) should include:

- The unique risk number
- A description of the outcome we are trying to achieve (preferably linked to the Council Plan)
- A description of the risk itself

A note describing the numbering conventions to be used when numbering risks is attached at Appendix F.

10.2.2 Step 2: Evaluate Risk – the Assessment of the risk, based on probability of occurrence and potential impact.

The primary goal in this step is to understand the effect of the identified risks and opportunities on the achievement of objectives or delivery of service plans.

In order to decide which risks are most important and merit most attention, there needs to be some way of comparing risks relative to each other. Using a score to rate risks provides a quantitative basis for comparison and can be achieved by assessing the risk along two dimensions:

- The **likelihood** (or probability) that the risk will occur
- The **impact** (or severity) that the risk will have if it occurs.

The first evaluation should be undertaken on the 'inherent risk' i.e. the risk before any control measures have been put in place. This is to ensure that all significant risks are highlighted and assurance provided that these risks are being managed.

If risks are only assessed after controls have been put in place, known as the 'residual risk', this would be assuming that the controls would always be in place and operating, which may not be the case. Consequently, controls also need to be identified, monitored and reviewed.

Both the inherent and residual risk scores are calculated using the following equation:

$$\text{Likelihood score} \times \text{Impact score}$$

The Council has adopted a 5 x 5 risk matrix, as defined overleaf.

LIKELIHOOD	Almost Certain 5	5	10	15	20	25
	Very Likely 4	4	8	12	16	20
	Likely 3	3	6	9	12	15
	Possible 2	2	4	6	8	10
	Unlikely 1	1	2	3	4	5
		Insignificant 1	Minor 2	Significant 3	Major 4	Catastrophic 5
	IMPACT					

The Council's definitions of the Risk Scores are included at **Appendix B**. These definitions should be used as a guide to enable risks to be scored consistently across the Council.

The Council's risk register at Appendix A includes the following items which should be assessed at Step 2:

- The consequences of the risk should it happen
- The control measures that are already in place
- The "mitigated" risk score (i.e. the score after existing controls have been applied)

Note that, in the interests of simplicity, the Risk Register does not currently include a space for recording the "inherent risk"

10.2.3 Step 3: Management – the identification of control measures required and the allocation of appropriate Action Managers.

Once the risks have been identified and assessed, additional appropriate management action needs to be taken. The 'Four Ts' is the generic approach that can be used when planning how to manage a risk or opportunity:

- **Tolerate** - The risk is accepted making limited, if any, efforts to mitigate it or reduce its likelihood / impact. This may be because the cost of mitigation exceeds the consequences of the risk.
- **Transfer** - The risk rating is reduced by transferring the risk to a third party by changing contractual terms. Typically this would mean the Council discontinuing the activity that gives rise to the risk, and sub-contracting / outsourcing that activity to another organisation. Alternatively, the Council can

limit the consequences by obtaining insurance cover above acceptable levels of risk.

- **Treat** - Actions will be taken to reduce the risk, possibly by putting in additional controls.
- **Terminate** - The activity that gives rise to the risk will cease, be avoided or altered, thus eliminating the risk.

The Council determines the appropriate approach to addressing identified risk with reference to its risk appetite. In general terms, risks that have a score equal to or lower than the appropriate risk appetite will be tolerated and monitored. Risks that exceed the risk appetite will be subject to further controls/action (either transferred, treated or tolerated).

The Council's current expression of Risk Appetite is included at **Appendix C**. Any risk score should be compared to this expression before determining what action should be taken.

It is critical that each risk is allocated an Owner who has ultimate responsibility (accountability) for the risk. The owner should be included in the Risk Register by both name and job role. The role of the Owner involves regularly monitoring the risk status and adjusting risk ratings accordingly, based on current information / intelligence and knowledge.

Mitigating actions (**Control Measures**) will need to be developed in order to effectively manage the risk, allocated to appropriate Managers and monitored regularly for compliance / implementation by the Risk Owner. Additional actions should include a timescale for their completion/implementation and this should be included on the Risk Register.

It is also possible that risks in one service area can have an impact on other areas of the organisation. It is important to be aware that actions to manage a risk in one area may create or increase a risk in another area. Consideration and communication of any possible impacts on other areas is essential.

At this stage the Risk Register will have in addition:

- The additional management action planned to bring the risk within the Council's appetite
- Target Score once the additional action is included
- Cost of the risk and the cost of the controls
- The name and job role of the designated risk owner

10.2.4 Step 4: Monitor Risk – ensure the controls measures are working effectively or amend accordingly.

This is a key stage of the risk management process. Risk Owners should ensure that the identified Control Measures are working effectively. In doing so, it may be useful to ask the following questions:

- **Have the chosen control measures been implemented as planned?**
 - Are the identified Control Measures in place?
 - Are these measures being used properly?

- **Are the chosen Control Measures working?**
 - Have the changes made to manage exposure to the assessed risks resulted in what was intended?
 - Has exposure to the assessed risks been eliminated or adequately reduced?
 - Have there been any ‘near misses’ and have any ‘lessons learned’ been applied?
 - Do any new controls need to be introduced?
- **Are there any new problems?**
 - Have the implemented control measures introduced any new problems?
 - Do the existing controls need to be reviewed and updated?

It is necessary to monitor and to report on the progress in managing risks so that the achievement of objectives is maximised and losses are minimised. In addition, the effectiveness of risk management controls to reduce the likelihood / impact of adverse risks occurring needs to be assessed and alternative controls introduced if the identified controls are proving ineffective.

When reviewing registers / risks it should also be ensured that the risk scores are still accurate. Are the red rated risks still red and the green rated risks still green? The focus should always be on **all** risks and not just on red or amber rated risks with the aim of identifying and preventing any risks from becoming a high (red) risk issues.

10.2.5 Step 5: Review & Report – Regular review of risks by Risk Owners to ensure continued validity. Report risks to the appropriate level of management and / or forum.

Corporate and service priorities will change over time. These changes may affect risks and opportunities and, therefore, need to be reviewed regularly by asking the following questions:

- Are my risks still the same?
- Are there any new risks arising?
- Has the risk been controlled effectively by the action taken to reduce or eliminate it?
- Has the action (or lack of actions) affected the overall impact (score) of the risk?
- Are there any other controls required? If so, what are they?

Risk registers should be live documents and changes should be updated promptly. The Risk Register Form at **Appendix A** includes a column to record to the next planned review date. Any risk with a rating of Amber or Red should be monitored at least monthly.

Risk management should be included as an agenda item on every Directorate Leadership Team meeting so that the team is able to reflect on the risks that they have discussed and amend the risk register if appropriate.

The Strategic Risk Register is reviewed at least quarterly. Increasing or emerging risks may also be elevated to strategic level from Directorate Risk Registers so that the Council can react effectively to changes in priorities. Risks that might normally be considered for “escalation” to the Strategic Risk Register include those that need to be managed by more than one Directorate as well as those that have a “red” risk score. Risks that should not normally be escalated to the Strategic Risk Register

include those risks assessed as Amber or Green or those with an impact score of 3 or less.

The monitoring process includes annual “deep dives” of each Strategic Director’s Risk Register by the Council’s Audit Committee. The Strategic Risk Register itself is periodically considered by the Audit Committee and is also assessed at the Council’s quarterly performance management SLT/AD sessions.

The review process will inform the contents of reports to the Strategic Leadership Team and the Audit Committee.

Risk management is a continuous cycle designed not only to identify, evaluate, manage, monitor and review risks, but also to support the strategic planning process. The strategic planning process and risk registers should be used as part of the budgetary decision making process.

11. Documentation

11.1 Risks will be recorded on standard documentation and held on the central SharePoint site, which can provide access to all risk owners and managers and ensure one version of each risk is maintained and can be easily updated. It is up to each Directorate to decide who should have access to their own risk register. An example of the risk form is held at **Appendix A**.

11.2 Risks will be presented in a consistent and uniform way. An example of a summary risk register is attached at **Appendix D** and the Risk Register at **Appendix E**. It is open to each Directorate to decide whether it uses Appendix A or Appendix E as the basis for its Risk Register. However, if a Directorate uses Appendix E it should ensure that every risk is supported by a completed Risk Form containing the detail included at Appendix A on the SharePoint site.

12. Leadership, Roles and Responsibilities

12.1 Risk management should not be perceived as the responsibility of a small number of people. Where risk management is fully integrated into the culture and day to day working, everyone has a role to play and this is what Rotherham aims to achieve.

12.2 The expectations of members and officers are as follows:

Executive	<ul style="list-style-type: none"> • Overall responsibility for ensuring the Council has in place effective risk management arrangements. • Lead in promoting a risk management culture within the Council and, where appropriate, with partners and stakeholders. • Regularly receive reports on risks and risk management and obtain assurance over the effective application of risk management.
Audit Committee	<ul style="list-style-type: none"> • Approve the Council’s Risk Management Policy and Guide. • Approve an annual statement on the effectiveness of the Council’s risk controls as part of the Annual Governance Statement. • Monitor the effective development and operation of Risk

	<p>Management in the Authority</p> <ul style="list-style-type: none"> • Monitor progress in addressing risk related issues reported to the Committee • Consider the Council's framework of assurance and ensuring that it adequately addresses the risks and priorities of the Council
All Councillors	<ul style="list-style-type: none"> • To consider and challenge risk management implications as part of their roles.
Chief Executive	<ul style="list-style-type: none"> • Champion risk management arrangements • Ensure all risk management processes are completed • Issue directions with regard to risk management.
SLT	<ul style="list-style-type: none"> • Responsibility for leading and managing the identification of significant strategic risks and the Strategic Risk register. • Ensure that there is a robust framework in place to identify, monitor and manage the Council's strategic risks and opportunities. • Ensure that the measures to mitigate these risks are identified, managed and completed within agreed, time-scales, ensuring that they bring about a successful outcome. • Promote a risk management culture within the Council and, where appropriate, with partners and stakeholders. • Ensure the requirement for all SLT reports, business cases and major projects to include risk assessments is met. • Ensure risk is considered as an integral part of service planning; performance management; financial planning; and, the strategic policy-making process. • Consider risk management implications in reports regarding strategic decisions. • Ensure that appropriate advice and training is available for all Members and staff. • Ensure that resources needed to deliver effective risk management are in place.
Assistant Directors	<ul style="list-style-type: none"> • Escalate risks / issues to the relevant Strategic Directors, where appropriate. • Ensure there is a clear process for risks being managed by their managers. • Embed risk management within the service areas they are responsible for. • Ensure compliance with corporate risk management standards. • Ensure that all employees, volunteers, contractors and partners are made aware of their responsibilities for risk management and are aware of the lines of escalation of risk related issues.

Directorate Leadership Teams	<ul style="list-style-type: none"> • Responsibility for leading and managing the identification of significant operational risks from all operational areas. • Ensuring that the measures to mitigate these risks are identified, managed and completed within agreed timescales, ensuring that they bring about a successful outcome. • Lead in promoting a risk management culture within the Directorate.
Corporate Risk Manager	<ul style="list-style-type: none"> • Provide facilitation, training and support to promote an embedded, proactive risk management culture throughout the Council. • Assist SLT and Assistant Directors in identifying, mitigating and controlling risks. • Maintain the Strategic Risk Register of the Council's most significant risks. • Ensure that risk management records and procedures are properly maintained, decisions are recorded and an audit trail exists. • Ensure an annual programme of risk management training and awareness is established and maintained. • Review External and Internal Audit recommendations relating to risk management to ensure these are picked up and dealt with by Services.
All Employees	<ul style="list-style-type: none"> • Have an understanding of risk and their role in managing risks in their daily activities, including the identification and reporting of risks and opportunities. • Support and undertake risk management activities as required. • Attend relevant training courses focussing on risk and risk management.

13. Risk Assurance, Monitoring and Reporting

13.1 Rotherham's risk management function is routinely exposed to full scrutiny and validation:

- In the Annual Governance Statement that is signed off by the Leader and Managing Director and endorsed by the Audit Committee
- Elected Members hold SLT accountable for the effective management of principal risks
- SLT, and the Audit Committee monitor the delivery of the Risk Management Policy by receiving regular reports and/or presentations. As part of this process SLT and Assistant Directors review their own risks and update them accordingly
- Risk management arrangements across the Council are independently reviewed for effectiveness on an annual basis by Internal Audit in order to inform the signing off of the Annual Governance Statement

- Service and Operational risks are monitored and reviewed at Directorate level and may be elevated to corporate level if deemed necessary (see 11.2.5)
- There is a formal reporting structure for advising SLT and elected Members of any risk management implications. The Council's report template requires the completion of a Risks and Uncertainties section in every report. Managers completing formal reports for Cabinet, Council (and its Committees) as well as SLT should ensure that risks included in this section are reflected on their Risk Register and that those risks are referenced in the report.

14. Communication

14.1 Effective communication is integral to the identification of new threats and opportunities or changes in existing risks.

14.2 It is important for strategic leaders and managers to engage with staff across the Council to ensure that:

- Everyone understands the Council's risk policy, risk appetite and risk process in a way that is appropriate to their role. If this is not achieved, effective and consistent embedding of risk management will not be realised and risk priorities may not be addressed
- Everyone understands the benefits of effective risk management and the potential implications if it is not done or is done badly
- Each level of management actively seeks and receives appropriate and regular assurance about the management of risk within their control. Effective communication provides assurance that risk is being managed within the expressed risk appetite, and that risks exceeding tolerance levels are being escalated
- Any organisation providing outsourced services to the Council has adequate risk management skills and processes. Gaining assurance that a partner organisation has embedded risk management processes in place, and that responsibilities are clearly defined from the start, should help to avoid misunderstandings and any serious problems.

15. Performance Management

15.1 Risk management forms an integral part of the Council's Performance Management Framework. Awareness of potential risks that could impact the achievement of Council priorities and objectives, and planning for such possibilities, will contribute to the successful delivery of the objectives. The narrative element of the Council's Quarterly Performance Report includes a section covering ongoing risks and challenges for each Priority Outcome. This section should link back to the completed Strategic Risk Register or to the Directorate Risk Register.

15.2 Risks associated with the delivery of the Council Plan are included in the Strategic Risk Register where relevant. This Register then goes to SLT and the Audit Committee.

16. Corporate Governance

16.1 Managing risk is integral to Rotherham's Corporate Governance processes. It is a key feature in the production of the Annual Governance Statement that is signed by the Leader and Chief Executive.

- 16.2 There is high level risk management representation on the SLT and at Member level. The Assistant Chief Executive and the Cabinet Manager for Corporate Services and Finance are the leads for risk management at their respective levels.
- 16.3 The Corporate Risk Manager and the Head of Internal Audit are responsible for drafting the Annual Governance Statement and evaluating risk management assurances and supporting evidence. In this role they report to the Governance Group who have oversight of the process for the Statement's production.
- 16.4 Each Directorate has at least one Risk Champion who leads on Risk for their Strategic Director. The Risk Champions, Assistant Chief Executive and the Corporate Risk Manager form the Risk Champions Group. This group is responsible for co-ordinating Risk Management across the Council.

17. Guidance and Training

- 17.1 The Council's Corporate Risk Manager is responsible for providing advice and training in respect of the Council's risk management arrangements.
- 17.2 All members of SLT and their Management Teams should receive training in risk identification, analysis and control of risk. Risk Management training (including refresher training) is compulsory for all staff of M2 grade and above. Periodic "mop up" sessions will be held to pick up staff new to the M2 or M3 grade. Risk Workshops can be used as a prime method of educating and training managers in identifying and managing risks to their objectives. This approach can assist in creating a 'risk aware' culture.
- 17.3 Bespoke risk management training from external providers (Gallagher Bassett; Zurich Municipal) can be provided free of charge via Risk Control Days for targeted areas of risk, e.g. Schools, Health & Safety, Highways, Control of Legionella, Asbestos Awareness.
- 17.4 A risk management E-Learning package is accessible to all staff and Members on the Intranet.

18. Further Information

- 18.1 For further information on the Risk Policy and Guide or any risk management arrangements please contact either the Corporate Risk Manager or your local Risk Champion.

Simon Dennis

Corporate Risk Manager

Ext. 22114

Appendix A: Risk Form

EXAMPLE Finance & Corporate Services - Risk Assessment/Register													
Risk Register Owner: Named SLT member							Date completed: 24/10/2018						
Business Objective <i>What is it you would like to achieve/need to deliver</i>	Risk <i>What is the problem/hazard? What is it that will prevent you from meeting your objectives?</i>	Consequence /effect: <i>what would actually happen as a result? How much of a problem would it be? To whom and why?</i>	Existing actions/controls <i>(What are you doing to manage this now?)</i>	Risk Score with existing measures <i>(See Scoring Table)</i>			Further management actions/controls required. <i>(What would you like to do in addition to your existing controls?)</i>	Target Score with further management actions/controls <i>(See Scoring Table)</i>			Cost (of Impact; of current controls; of further controls)	Risk Owner <i>(Officer responsible for managing risk and controls)</i>	Risk Review Date
				Impact	Probability	Risk Rating (I x P)		Impact	Probability	Risk Rating (I x P)			
To deliver free and fair elections in which all participants are satisfied that the result is accurate and which allows no opportunity for challenge.	Inability to comply with legislative and statutory election duties.	Election Failure - legal challenge in high court and associated costs of re-running the election and reputational damage. Business continuity issues such as loss of ICT function and /or office accommodation / count venue and / or polling stations	Strong links with internal ICT teams to ensure ICT systems are restored immediately. Training and awareness programme for staff. BCP in Place.	5	3	15	Alternative manual systems have been developed as a back up and can be implemented at short notice. Training and awareness programme for staff. BCP in Place.	3	3	9	There are no costs associated with the controls. Costs will be incurred when actioned.	Manager	Dec-18

	IMPACT	SCORE	BENCHMARK EFFECTS
CRITERIA	CRITICAL/ CATASTROPHIC	5	<ul style="list-style-type: none"> • Multiple deaths of employees or those in the Council's care • Inability to function effectively, Council-wide • Will lead to resignation of Chief Operating Officer and/or City Mayor • Corporate Manslaughter charges • Service delivery has to be taken over by Central Government • Front page news story in National Press • Financial loss over £10m
	MAJOR	4	<ul style="list-style-type: none"> • Suspicious death in Council's care • Major disruption to Council's critical services for more than 48hrs (e.g. major ICT failure) • Noticeable impact in achieving strategic objectives • Will lead to resignation of Strategic Director and/ or Executive Member • Adverse coverage in National Press/Front page news locally • Financial loss £5m - £10m
	MODERATE	3	<ul style="list-style-type: none"> • Serious Injury to employees or those in the Council's care • Disruption to one critical Council Service for more than 48hrs • Will lead to resignation of Assistant Director/ Project Director • Adverse coverage in local press • Financial loss £1m - £5m
	MINOR	2	<ul style="list-style-type: none"> • Minor Injury to employees or those in the Council's care • Manageable disruption to internal services • Disciplinary action against employee • Financial loss £100k to £1m
	INSIGNIFICANT/ NEGLIGIBLE	1	<ul style="list-style-type: none"> • Day-to-day operational problems • Financial loss less than £100k

Appendix Scoring

LIKELIHOOD	SCORE	<i>EXPECTED FREQUENCY</i>
ALMOST CERTAIN	5	Reasonable to expect that the event WILL undoubtedly happen/recur, possibly frequently and in the current year (next 12 months)
PROBABLE/LIKELY	4	Event is MORE THAN LIKELY to occur. Will probably happen in the current year and be likely to recur in the longer term.
POSSIBLE	3	SOME LIKELIHOOD of event occurring. Not likely in the current year, but reasonably likely in the medium/long term.
UNLIKELY	2	Event NOT EXPECTED . Do not expect it to happen in the current year, but possible in the longer term.
VERY UNLIKELY/RARE	1	EXCEPTIONAL event. This will probably never happen/recur. A barely feasible event.

B: Risk Guidance

Appendix C: The Council's Risk Appetite

The Council has a general policy to “accept” and monitor risk that is currently scored as less than “8” on the scoring matrix. Action should be taken on any risk with a score of more than “8” in line with the table shown below:

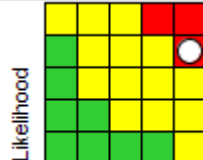
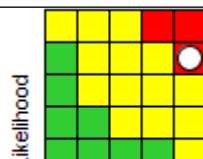
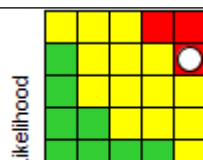
LEVEL OF RISK	OVERALL RATING	HOW THE RISK SHOULD BE TACKLED/ MANAGED
High Risk	15-25	IMMEDIATE MANAGEMENT ACTION
Medium Risk	9-12	Plan for CHANGE
Low Risk	1-8	Continue to MANAGE

In effect, the Council has an appetite to accept “Low” risk – with any other type of risk being planned to be addressed with additional controls or management action.

Appendix D: Example Strategic Risk Register Overview

Strategic Risks						
Risk Detail	Risk Owner	Qtr 1 2018/ 19 Rating	Qtr 2 2018/19 Rating	Movement between Qtrs	Target Rating (Risk Appetite)	Target Date Agreed by SLT
Introduction of £72k lifetime social care payments cap from 01/04/19 will place additional workload burden on service and may increase costs.	Named SLT member 1	20	20	-	9	April 2019
Council do not respond to media issues correctly or appropriately.	Named SLT member 2	20	20	-	9	November 2018
Sensitive and confidential information/data is not properly protected.	Named SLT member 3	20	20	-	6	November 2018

Appendix E: Example Risk Register template

Strategic Risks								
Business Objective	Risk Detail	Consequence / Effect	Impact	Likelihood	Risk Rating	Risk Owner	Further Mitigating Actions	Current Risk Rating Heat Map
Social care payments cap	Introduction of £72k lifetime social care payments cap from 01/04/16 will place additional workload burden on service and may increase costs.	Authority may have to meet a higher percentage of care costs; level of risk still unknown as additional funding from central government unknown at present.	5	4	20	Named Officer 1	Monitor situation with finance until further information is known.(Deadline 30/9/18)	
Dealing effectively with high profile media issues.	Council do not respond to media issues correctly or appropriately.	Failure to deal with media issues may damage the reputation of the authority and the Communications Team; possibility of slander claims and associated financial risk.	5	4	20	Named Officer 2	Continue to monitor cases and introduce revised ways of working as appropriate.(Ongoing)	
Act appropriately to maintain required levels of performance with respect to data protection and confidentiality issues	Sensitive and confidential information/data is not properly protected.	Failure to deal with media issues may damage the reputation of the authority and the Communications Team; possibility of slander claims and associated financial risk.	5	4	20	Named officer 3	Continue to monitor breaches and near misses and introduce revised ways of working accordingly. (Ongoing) Consider an authority-wide training programme. (Deadline 30/9/18)	

Appendix F

Risk numbering Protocol

This protocol sets out how the numbering requirements in the Risk Policy and Guide are to be applied in practice.

- 1) Risk numbers should never be “reused”. If a risk is deleted from a risk register, the number should not be allocated a new risk
- 2) All risks should follow an alpha numeric numbering system which should be set out as follows:
 - risks included on the Strategic Risk Register will be numbered sequentially in the following format - SLTxx – where xx is a sequential number
 - risk included on Directorate Risk Registers should follow the following formats:

Directorate	Numbering format
CYPS	CYPSxx
FaCS	FCSxx
Regen	R&Exx
ACX	ACXxx
ACHPH	ACHxx/PHxx

- 3) Directorates may vary the alphabetical descriptor for risks that only appear on service risk registers if that eases operation of the risk register. However, the format should always be alpha numeric following the format above.
- 4) Directorate risk registers should also include an indication of whether a risk is also on the Strategic Risk Register. This can be achieved either by including on the directorate risk register the "SL"xx" number or by including strategic risks on a separate tab in the directorate risk register. Directorates can choose which approach is used as long as the relevant register clearly shows which risks are on the register.

Committee Name and Date of Committee Meeting:

Audit Committee - 26th November 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
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

Meeting Date	Key Responsibility	Agenda Item	Author
November 2020	Governance Risk and Control	Training – Code of Corporate Governance	
		External Audit and Inspection recommendations	Simon Dennis
	Treasury Management	Mid-Year Report on Treasury Management	Graham Saxton
	Governance Risk and Control	Code of Corporate Governance	Simon Dennis
	Governance Risk and Control	Risk Management Strategy and Policy	Simon Dennis
	Governance Risk and Control	Risk Management Directorate Presentation – Regeneration and Environment	Paul Woodcock
	Internal Audit / Governance Risk and Control	IA Progress Report	David Webster
	Financial Reporting	Updates to Financial Procedures	Graham Saxton
	Audit Committee Accountability	Audit Committee Forward Work Plan	David Webster

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