

## **AUDIT COMMITTEE**

- Date and Time :-** Tuesday, 29 September 2020 at 2.00 p.m.
- Venue:-** Virtual Meeting.
- Membership:-** The Mayor (Councillor Andrews); Councillors Cowles, Vjestica, Walsh (Vice-Chair) and Wyatt (Chair)
- Independent Member - Vacant**

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

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

## **AGENDA**

**1. Apologies for Absence**

To receive the apologies of any Member who is unable to attend the meeting.

**2. Declarations of Interest**

To receive declarations of interest from Members in respect of items listed on the agenda.

**3. Questions from Members of the Public or the Press**

To receive questions relating to items of business on the agenda from members of the public or press who are present at the meeting.

**4. Minutes of the previous meeting held on 18th August, 2020 (Pages 1 - 12)**

To consider and approve the minutes of the previous meeting held on 18<sup>th</sup> August, 2020, as a true and correct record of the proceedings.

**5. Information Governance Annual Report (Pages 13 - 19)**

**6. Local Government Auditing and Financial Reporting - The Redmond Review (Pages 20 - 26)**

**7. Internal Audit Charter (Pages 27 - 44)**

**8. Anti-Fraud and Corruption Policy, Strategy and Self-assessment against CIPFA Code of Practice (Pages 45 - 76)**

**9. Audit Committee Forward Work Plan (Pages 77 - 85)**

**10. Items for Referral for Scrutiny**

To consider the referral of matters for consideration by the Overview and Scrutiny Management Board.

**11. 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).

**12. Information Technology Audit Report - Grant Thornton (Pages 86 - 95)**

**13. Internal Audit Progress Report 1st July to 31st August, 2020 (Pages 96 - 117)**

**14. Urgent Business**

To consider any item which the Chair is of the opinion should be considered as a matter of urgency.

**15. Date and time of next meeting**

The next meeting of the Audit Committee will be held on Tuesday, 24<sup>th</sup> November, 2020 commencing at 2.00 p.m.



SHARON KEMP,  
Chief Executive.

**AUDIT COMMITTEE**  
**18th August, 2020**

Present:- Councillor Wyatt (in the Chair); The Mayor (Councillor Jenny Andrews) and Councillors Vjestica, Walsh and The Mayor (Councillor Jenny Andrews).

An apology for absence was received from Councillor Cowles.

**86. NEW MEMBER**

The Chair welcomed The Mayor, Councillor Jenny Andrews, to her first meeting of the Audit Committee.

**87. DECLARATIONS OF INTEREST**

There were no Declarations of Interest made at the meeting.

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

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

**89. MINUTES OF THE PREVIOUS MEETING HELD ON 26TH MAY, 2020**

Consideration was given to the minutes of the previous meeting of the Audit Committee held on 26<sup>th</sup> May, 2020.

It was noted that the vacancy of Independent Person position on the Committee was out to advert until 31<sup>st</sup> August, 2020.

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

**90. PUBLICATION OF UNAUDITED STATEMENT OF ACCOUNTS 2019/20**

Further to Minute No. 75 of 26<sup>th</sup> May, 2020, Rob Mahon, Head of Corporate Finance, presented the draft unaudited Statement of Accounts 2019/20 which had been published on the Council's website on 31<sup>st</sup> July, 2020, in accordance with the revised timelines as a result of Covid-19.

The publication of the unaudited accounts triggered a period of 30 working days (ending on 14<sup>th</sup> September, 2020) for local electors to exercise their rights to inspect the accounts and supporting records and to ask question of the external auditor.

The external audit of the unaudited accounts had commenced on 31<sup>st</sup> July, 2020, with Grant Thornton reporting their findings to the November meeting of the Committee.

**AUDIT COMMITTEE - 18/08/20**

The deadline for publishing the audited accounts was 30<sup>th</sup> November, 2020.

The Narrative Report was attached at Appendix A to the report submitted together with the Highlights Report (Appendix B) which summarised the key financial disclosures reported in the 2019/20 draft Statement of Accounts and provided further detail on each of the key financial issues referred to above.

Resolved:- That the draft unaudited Statement of Accounts 2019/20 be received.

**91. AUDIT PROGRESS REPORT - YEAR ENDING 31ST MARCH 2020**

Thilina De Zoysa, Engagement Manager, Grant Thornton UK LLP, gave the following verbal report:-

- Grant Thornton had received the draft accounts from the Council on 31<sup>st</sup> July, 2020
- The external audit work had commenced on 3<sup>rd</sup> August, 2020, as planned
- The aim was to give their opinion in the Audit Findings (ISA260) report and opinion on the Statement of Accounts in November, 2020
- In addition to the audit risks communicated previously, the planning and risk assessment had been updated in light of the Covid-19 pandemic and reconsider their audit and value for money approach to reflect the unprecedented global response
- The DwP had moved the Housing Benefit Return reporting deadline from 30<sup>th</sup> November, 2020 to 31<sup>st</sup> January, 2021; the Ministry of Housing, Communities and Local Government had yet to confirm the guidance and timings for the certification of the 2019-20 Pooling of Housing Capital Receipts Return

It was noted that the NAO consultation on a new Code of Audit Practice had finished and the new Code had completed its approval process in Parliament. It, therefore, came into force on 1<sup>st</sup> April, 2020 for audit years 2020/21 and onwards the most significant change being the introduction of an Auditor's Annual report containing a commentary on arrangements to secure value for money and any associated recommendations. The NAO public consultation was now underway until 2<sup>nd</sup> September, 2020.

Discussion ensued on the delay in the implementation of IFRS16 (Leases) – 2021-2022. Authorities had been at different stages of preparation of IFRS16 which had been further impacted by the diversion of efforts due to the recent pandemic.

Resolved:- That the update be noted.

**92. ANNUAL TREASURY MANAGEMENT AND PRUDENTIAL INDICATORS 2019-20**

In accordance with Minute No. 32 of the Cabinet Meeting on 20<sup>th</sup> July, 2020, consideration was given to a report presented by Rob Mahon, Head of Corporate Finance, which detailed how the Council approved the Treasury Management Strategy in February, 2019, and received a mid-year report in December, 2019, representing a mid-year review of treasury activity during 2019/20.

The Annual Treasury Management report was the final treasury report for 2019/20. Its purpose was to review the treasury activity for 2019/20 against the Strategy agreed at the start of the year.

The report also covered the actual Prudential Indicators for 2019/20 in accordance with the requirements of the Prudential Code.

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

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

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

Resolved:- That the Financial Outturn 2019/20 - Treasury Management and Prudential Indicators - be noted.

**93. 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 1st April, 2020.

On 2<sup>nd</sup> July, 2020, a desktop inspection by the Investigatory Powers Commissioners Office took place. This type of inspection took place where a local authority did not regularly use the powers available. The

**AUDIT COMMITTEE - 18/08/20**

outcome of the inspection was positive (outcome letter attached to the report). It raised one area to be addressed of wider awareness for staff who did not necessarily encounter potential RIPA issues on a regular basis. It was an area that the RIPA Co-ordinator had agreed to focus on as online activity and the use of social networking sites had increased this risk in several organisations. Efforts would be focussed in this area with an explanation of the RIPA legislation being cascaded to all Directorates to reduce any potential risk from an unauthorised activity.

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 29<sup>th</sup> January, 2019, and re-adopted with minor amendments. The RIPA Policy had been reviewed and found that there were no major changes required. Minor amendments to contact details due to a change in personal and typographical changes had been made.

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 26<sup>th</sup> September, 2019.

(2) That the outcome of the desktop inspection conducted by the Investigatory Powers Commissioners Office on 2<sup>nd</sup> July, 2020, be noted.

(3) That the minor changes in the RIPA Policy 2020 be approved.

**94. ANNUAL GOVERNANCE STATEMENT 2019/20**

Consideration was given to the updated 2019-20 draft Annual Governance Statement (AGS) as presented by David Webster, Head of Internal Audit, which had been published alongside the Council's Statement of Accounts on 31<sup>st</sup> July, 2020.

Covid-19 had had a significant impact at the end of 2019/20 and into 2020/21 and was reflected within the AGS including actions taken in response to the pandemic and lockdown.

Discussion ensued with the following issues raised:-

- Due to the pandemic it had necessitated cancellation of some Council meetings, however, virtual meetings had been set up quickly to ensure continuation of the democratic process
- Internal Audit staff had been redeployed to support elements of the Council's financial response.

- Since March, risk management activity had focussed on the Covid-19 response with each workstream contributing to a Corporate Threat and Risk assessment which was updated at least weekly. This had meant that the normal Corporate risk management processes had been suspended, however, the risks on the Strategic Risk Register had continued to be managed by Directorates during the pandemic. It was intended that the process would gradually revert to normal as the Covid-19 response stepped down and moved into recovery phase
- The External Auditor, as part of their audit response, would review the Audit Governance Statement to check consistency and would report on it, together with the Narrative Report, in their audit opinion

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

Resolved:- (1) That the 2019-20 draft Annual Governance Statement be noted.

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

## **95. EXTERNAL INSPECTIONS, REVIEWS AND AUDITS UPDATE**

Consideration was given to a report, presented by Simon Dennis, Corporate Improvement and Risk Manager, providing details of recent and current external audits and inspections including the details of arrangements that were in place regarding the accountability and governance for implementing recommendations arising therefrom.

Since the last report to Committee in November, 2019, 7 external inspections, reviews and audits had taken place and 3 recommendations made which had all been implemented. In addition 7 of the ongoing recommendations in relation to external inspections, reviews and audits that took place prior to November, 2019, had now been implemented, 15 remained outstanding/ongoing and one did not require implementation.

The report included detail of progress being made in respect of the following specific areas and Directorates:-

- Children and Young People's Services
- Adult Care and Housing
- Regeneration and Environment Services
- Finance and Customer Services
- Assistant Chief Executive

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

**AUDIT COMMITTEE - 18/08/20**

(2) That the governance arrangements that were currently in place for monitoring and managing the recommendations from external audits and inspections, as now reported, be noted.

(3) That the Audit Committee continue to receive regular reports in relation to external audit and inspections and the progress made in implementing recommendations.

(4) That the outcome of the Repairs and Maintenance Cost Collection Workbook Audit be referred to the Improving Places Select Commission for information.

(5) That an update be provided to the next meeting of the Committee on the outstanding recommendations relating to Children and Young People's Services.

**96. INTERNAL AUDIT ANNUAL PLAN 2020-21**

Consideration was given to a report, presented by David Webster, Head of Internal Audit, regarding the Internal Audit Annual Plan for 2020/2021.

The report explained the Internal Audit approach to the development of the Plan, as well as detailing the specific activities planned to be reviewed during the year. It was noted that the Plan reflected a comprehensive risk assessment process, which also included discussions with the Council's Strategic Directors and Assistant Directors to obtain their views of key risks and areas for audit coverage.

The Plan had been prepared after a full refresh of the 'audit universe' and a thorough review of the Council's risk registers. It had also taken into account:-

- Reports by management to the Audit Committee on the management of risk
- Cumulative audit knowledge and experience of previous work undertaken
- Discussions with Strategic Directors and Assistant Directors
- Knowledge of existing management and control environments
- Professional judgement on the risk of fraud or error
- Examination of Corporate Plans
- Review of external inspection reports

The report was originally prepared for presentation to the March meeting of the Audit Committee which was cancelled. It had since been revised to take into account the impact of Covid-19 and would need to remain flexible to respond to future developments.

It was noted that the Audit Plan was usually completed soon after the year end, however, that had not been possible for 2019/20 with the remaining audits considered in the 2020/21 planning process. In response to Covid-



19, the Gold and Tactical groups had authorised changes to various systems and processes. Those changes had been considered when producing the updated Plan to give assurance that an adequate level of control had been maintained. The majority of the team had also supported the Finance Department in the processing of Business Support Grant applications. The need for this support had steadily reduced with only one member of the team currently providing part-time support.

As well as identifying all of the proposed pieces of work to be carried out during the year, the Plan explained the statutory requirements for Internal Audit, described the approach and methodology adopted in producing the Plan, showed the level of resources available to deliver the Plan was 975 days and included a contingency for responsive work.

Outline scopes for each review were submitted. The following types of audit work would be completed:-

- Risk based work
- System based work
- Follow up audits
- Advisory work
- Value for money
- Grant claims
- Schools
- IT Audit
- Counter fraud work

It was noted that it was hoped to re-arrange the proposed Audit Needs Assessment of RMBC IT by Salford City Council Internal Audit Services who specialised in this area of work.

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

(2) That the Internal Audit Plan for 2020/21 be approved.

## **97. AUDIT COMMITTEE ANNUAL REPORT 2019/20**

David Webster, Head of Internal Audit, submitted the Audit Committee 2019/20 Annual Report which had been produced in compliance with current best practice for audit committees. The Chartered Institute of Public Finance and Accountancy (CIPFA) had issued guidance that Audit Committees should report annually on how they had discharged their responsibilities during the previous municipal year.

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

**AUDIT COMMITTEE - 18/08/20**

- A summary of the work undertaken
- External Audit
- Internal Audit
- Anti-Fraud and Corruption
- Risk Management
- Corporate Governance
- Finance
- Other
- Training
- Terms of Reference 2019/2020

Resolved:- That the Audit Committee Annual Report 2019/20 be noted and submitted to Council for approval.

**98. AUDIT COMMITTEE FORWARD PLAN**

Consideration was given to the proposed forward work plan for the Audit Committee covering the period September, 2020 to July, 2021.

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

**99. ITEMS FOR REFERRAL FOR SCRUTINY**

Improving Places Select Commission - Outcome of the Repairs and Maintenance Cost Collection Workbook Audit for information.

**100. 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).

**101. RISK MANAGEMENT ANNUAL SUMMARY 2019-2020**

Simon Dennis, Corporate Improvement and 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 also provided an up-to-date position with regard to the impact of the Covid-19 pandemic on risk management activity. Each workstream had contributed to a Corporate Threat and Risk assessment which was updated at least weekly. Although the normal Corporate Risk Management processes had had to be suspended, the risks on the Strategic Risk Register continued to be managed by Directorates. It was intended that the process would gradually revert to normal as the Covid-19 response stepped down and moved into recovery phase.

The report set out:-

- Risk Management Responsibilities
- Training Summary
- Risk Management Process
- Risk Profile 2019/20
- Future Developments.

The total number of strategic risks included on the Risk Register had reduced from 13 to 12 over the period February, 2019 to January 2020. One risk had been removed from the Corporate Strategic Register with none being added. Of the risks that remained, 6 had a decreasing risk score and 5 had been constant. One risk had increased in risk level from January 2019 to January 2020.

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

- Review of Risk Management training delivery to be undertaken
- Refresh of the Corporate Risk Register and terminology used

Resolved:- (1) That the annual summary of Risk Management activity be noted.

(2) That the next Corporate Risk Register update include a Directorate breakdown of those who had undertaken Risk Management training.

## **102. CORPORATE RISK REGISTER AND RISK MANAGEMENT ARRANGEMENTS DURING THE COVID-19 RESPONSE**

Simon Dennis, Corporate Improvement and Risk Manager, presented the current Strategic Risk Register which summarised the current position of the Register in light of the Council's response to the Covid-19 pandemic as well as providing an overview of the current risk management arrangements in place and the plans for refreshing the Strategic Risk Register.

The report detailed the overall arrangements during the pandemic which had included:-

**AUDIT COMMITTEE - 18/08/20**

- A group of Directorate Co-ordinators appointed to work with the Business Continuity Team providing a link between each Directorate's response and the Corporate response. Update reports submitted to Gold Group providing a summary of each individual Directorate's position
- Business Impact Assessment undertaken to identify the most critical services and make recommendations to Gold Group regarding any resource/service delivery issue
- A number of cross-Directorate workstreams established focussing on specific aspects of the response to and subsequent recovery from Covid-19

Due to the significant level of activity across the Council, the "normal" Corporate Risk Management processes had been suspended. However, the risks on the Strategic Risk Register had continued to be managed by Directorates. The process would gradually revert to normal as the Covid-19 response stepped down and the Council moved into its recovery phase.

The Council was in the process of developing a Recovery Plan which would take the place of the Council Plan until May 2021. It would set out the new priorities of the Council as it recovered from the impact of the pandemic; the Corporate Risk Register would need to be re-aligned to ensure it sat alongside the Plan and correctly picked up the strategic risks that each Directorate was responsible for.

Resolved:- That the report be noted.

**103. ADULT CARE, HOUSING AND PUBLIC HEALTH (ACPH) DIRECTORATE RISK REGISTER**

Consideration was given to a report, presented by AnneMarie Lubanski, Strategic Director, Adult Care, Housing and Public Health, and Councillor Roche, Cabinet Member for Adult Social Care and Health, providing details of the Risk Register and risk management activity within the Adult Care, Housing and Public Health Directorate.

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

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

A detailed breakdown was given of the 15 risks included within the Register

Discussion ensued with the following issues raised:-

- Covid-19 meetings that taken place 7 days a week to discuss the risks being presented were recorded and acted upon
- Care Home Care Plans produced – one for 65's and one for under 65's
- DLT workshop with front line staff as well as team managers to assess operational, strategic and corporate risks
- Rest centres
- Early retirement of the Director of Public Health and the interim arrangements whilst a permanent appointment was made
- Care home provision in the Borough
- Ongoing transition of Learning Disability Services
- Recent announcement of the dissolution of Public Health England
- Respite care

Resolved:- That the progress and current position in relation to risk management activity in the Adult Social Care, Housing and Public Health Directorate, as detailed in the report now submitted, be noted.

**104. INTERNAL AUDIT PROGRESS REPORT FOR THE PERIOD 1ST MAY TO 30TH JUNE 2020**

Consideration was given to a report presented by David Webster, Head of Internal Audit, which provided a summary of Internal Audit work completed during 1<sup>st</sup> May to 30th June, 2020, and the key issues that had arisen therefrom.

Work on the 2020/21 plan had commenced. There would be a half-yearly review and the plan would need to remain flexible throughout the year to allow for any developments relating to Covid-19.

8 audits had been finalised since the last Committee meeting including one receiving Substantial Assurance, 5 Reasonable Assurance and 2 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. Target performance was not achieved for audits completed within planned time and productive time with several taking slightly longer than planned. This would be monitored. Productive time reflected the time spent on Business Support Grants i.e. more than 60 days in May and June (Appendix C).

Appendix D showed the number of outstanding recommendations that had passed their original due date, age rated. The number of aged outstanding actions had decreased from 49 to 38 and those more than 120 days overdue had reduced to 18. However, 14 of those had not reached their revised deferral date and a further 15 had been deferred because priority had had to be given to the Covid-19 response.

**AUDIT COMMITTEE - 18/08/20**

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

- Satisfaction surveys
- Chargeable time
- Home to School Transport e.g. sub-letting of contracts, schools aware of who the drivers were, mechanical state of vehicles

Resolved:- (1) That the Internal Audit work undertaken since meetings of the Audit Committee, 1<sup>st</sup> May to 30<sup>th</sup> June, 2020, 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.

(3) That the audit of the revised Home to School Contracts take into account the issues raised at the meeting.

**105. URGENT BUSINESS**

There was no urgent business to consider.

**106. DATE AND TIME OF 2020/21 MEETINGS**

Resolved:- That meetings of the Audit Committee be held during 2020/21 as follows:-

Tuesday,      29<sup>th</sup> September, 2020  
                    24<sup>th</sup> November  
                    19<sup>th</sup> January, 2021  
                    23<sup>rd</sup> March

all commencing at 2.00 p.m.

**Committee Name and Date of Committee Meeting**

Audit Committee – 29 September 2020

**Report Title**

IG/GDPR Annual Report 2019/20

**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

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Paul Vessey, Head of Information Management

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**Ward(s) Affected**

Borough-Wide

**Report Summary**

This report is an 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 2019/20.
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 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](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 annual report on the council's 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.
- 1.3 The Data Protection Act 2018 (DPA) sets out in law 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. Despite exiting the EU, the DPA and GDPR, both remain law.
- 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 November 2019 and the report confirmed that all outstanding tasks have been completed.
- 1.7 The objective now is to maintain compliance and it is the responsibility of all directorates and service areas to comply with the council's data protection policies and procedures.
- 1.8 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
- 1.9 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 In the financial year 18/19 the council received a 75% increase in the volume of validated Information Right of access requests (RoARs).
- 2.2.2 This rise coincided with increased national media coverage of GDPR and Data Protection during this period and it is reasonable to suggest that this rise is partly attributable to greater public awareness of information rights.
- 2.2.3 The trend has been monitored and the validated number of RoARs for 19/20 was 188, which is a further increase of 10% over 18/19 figures.

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

- 2.3.1 Completion 'in time' of validated Right of Access requests has continued to improve despite an increase in the overall volume of enquiries.
- 2.3.2 Nevertheless, performance is well below the target of 100% completion within the statutory time limits. This is due to the large number ROARs that are complex in nature involving large volumes of historical data, children's services and often linked to CSE.
- 2.3.3 There has been a slight decrease in Freedom of Information Requests that have been completed 'in time' and a reduction in volume. Analysis of the data did not raise any significant concerns and was mainly due to a poor month's performance that could not be overcome during the rest of the year's performance.
- 2.3.4 Appendix 1 provides performance for the last four financial years.
- 2.3.5 Performance will continue to be closely monitored with the focus on improvement.
- 2.3.6 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](mailto:luke.sayers@rotherham.gov.uk)

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*Report Author:*

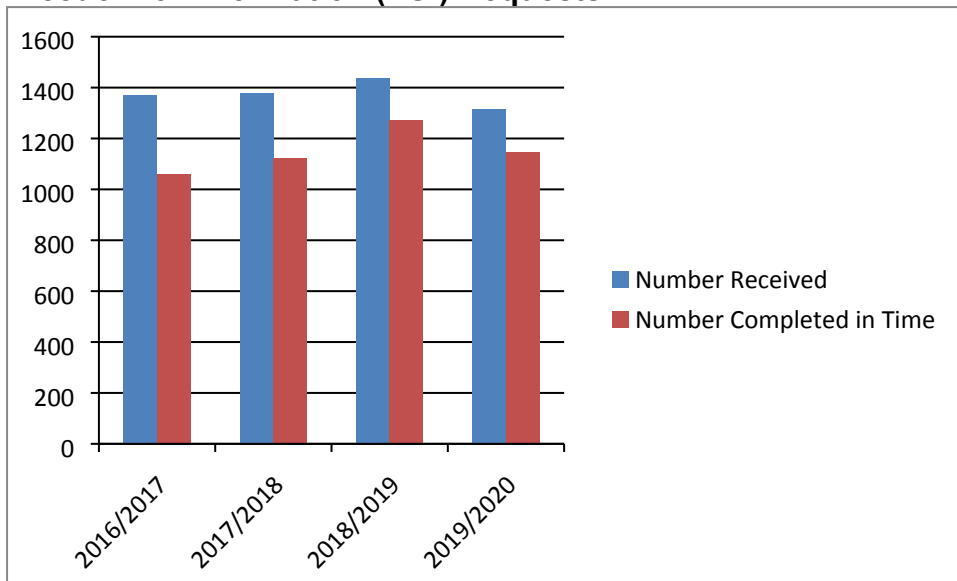
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This report is published on the Council's [website](#).

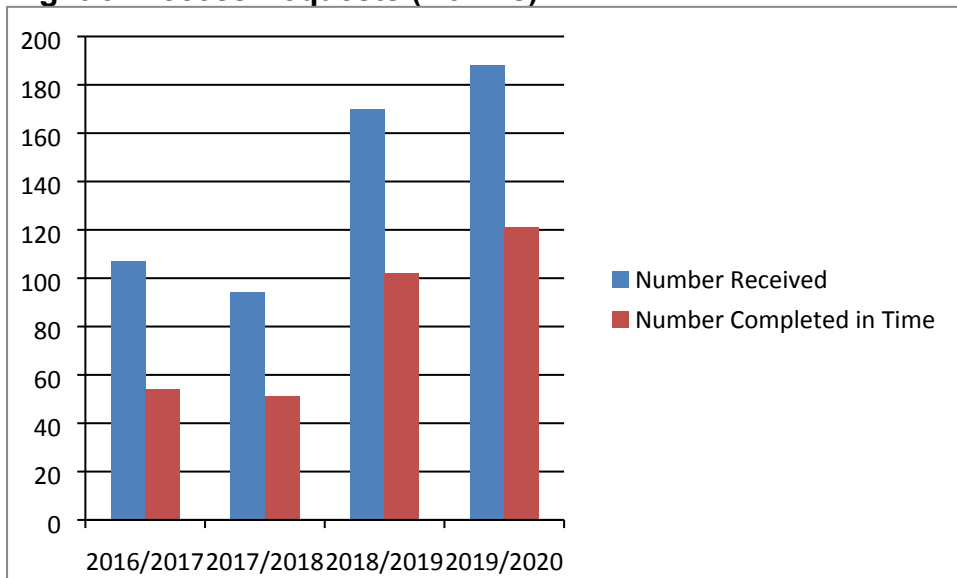
**Appendix 1: FOI & RoAR Statistics**

**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%
2019/2020	1313	1146	87%

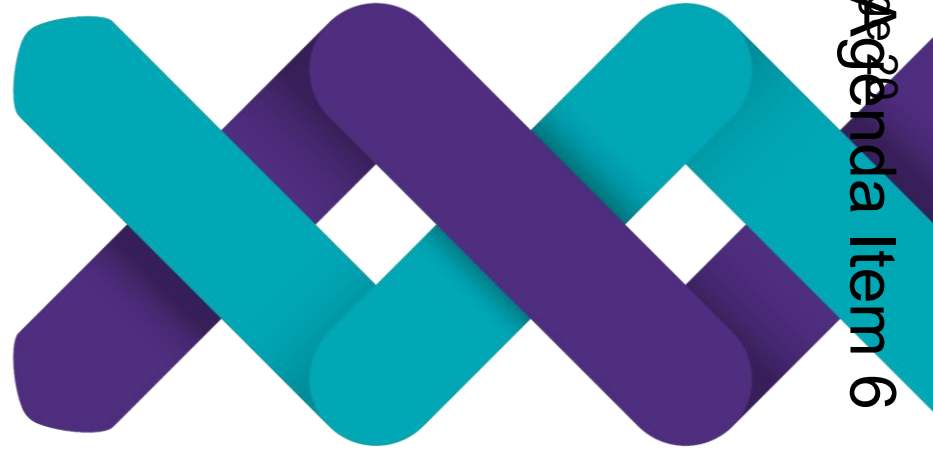
**Right of Access Requests (RoARs)**



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%
2019/2020	188	121	64%

# Local Government audit and financial reporting – the Redmond Review

Grant Thornton  
September 2020



# The Redmond Review – scope and purpose

## Scope

- Launched September 2019. Views by December 2019
- Led by Sir Tony Redmond, former President of CIPFA

## Purpose – to assess

- Effectiveness of audit in local authorities
- Transparency of financial reporting

## Publication

- 8 September 2020

# The system is not working



The current local audit arrangements fail to deliver, in full, policy objectives underpinning the 2014 Act.

As a result, the overriding concern must be a lack of coherence and public accountability within the existing system.

The local audit market is very fragile. The current fee structure does not enable auditors to fulfil the role in an entirely satisfactory way.

Without prompt action to implement the recommendations, there is a significant risk that the firms currently holding local audit contracts will withdraw from the market.



# Sir Tony's Recommendations

## A call for action

- **A new regulator** - the Office of Local Audit and Regulation to replace the FRC and PSAA
- **Scope to increase fees** - The current fee structure for local audit be revised (i.e. increased) to ensure that adequate resources are deployed to meet the full extent of local audit requirements
- **Move back to a September deadline** - The deadline for publishing audited local authority accounts be revisited with a view to extending it to 30 September from 31 July each year

# Sir Tony's Recommendations

## A call for action

- **Accounts simplification** - CIPFA/LASAAC be required to review the statutory accounts to determine whether there is scope to simplify the presentation of local authority accounts
- recognition of the **role of authorities in improving governance and reporting** and
- development of **audited and reconciled accounts summaries.**

## Grant Thornton's View

**Sir Tony Redmond's report provides a clear road map to secure appropriate scrutiny and a sustainable future for local government audit. Reinforcing transparency and accountability is critical in protecting the interests of citizens who both fund and rely on the services delivered by local authorities. Introducing an Office of Local Audit and Regulation will help simplify and re-energise this vital public function at a time when local finances and governance are in need of effective oversight. We look forward to supporting Sir Tony and Government as this report progresses from recommendation to reality.**



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**Committee Name and Date of Committee Meeting**

Audit Committee – 29<sup>th</sup> September 2020.

**Report Title**

Internal Audit Charter.

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

No.

**Strategic Director Approving Submission of the Report**

Judith Badger, Strategic Director, Finance and Customer Services.

**Report Author**

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

**Ward(s) Affected**

Borough-Wide.

**Report Summary**

The Internal Audit Charter is in effect the Terms of Reference of the Internal Audit department. It is aligned to the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN), which are mandatory for all local government audit departments. It also takes account of the contents of the CIPFA Statement on the Role of the Head of Internal Audit. The Charter must be reviewed periodically and presented to the Audit Committee for approval. The review has been completed, however none of the requirements has changed in the last year and there have therefore been no changes made to the Charter.

**Recommendations**

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

**List of Appendices Included:-**

Appendix A – Internal Audit Charter

**Background Papers**

Accounts and Audit (England) Regulations 2015.  
Public Sector Internal Audit Standards, 2017.  
CIPFA publication – Local Government Application Note for the United Kingdom  
Public Sector Internal Audit Standards, 2019.

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

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

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

**Council Approval Required**  
No.

**Exempt from the Press and Public**  
No.

## **Internal Audit Charter**

### **1. Background**

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

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

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

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

- 1.3 Additionally, the Standards require the “chief audit executive” (in Rotherham’s case, the Head of Internal Audit), to periodically review the Internal Audit Charter and present it to the Audit Committee for approval.
- 1.4 The current Charter was produced in September 2019 and has now been reviewed. During the last year there have been no changes in the requirements for the Charter, which has therefore not been amended this year. The Charter has been presented to the Council’s Senior Leadership Team.

### **2. Key Issues**

- 2.1 The Charter outlines the regulatory requirements for Internal Audit and details:
- The Mission, Definition, Core Principles and Code of Ethics of Internal Audit.
  - The Independence, Role, Scope of Work, Responsibilities, Reporting arrangements, Relationships, Resources and Performance Reporting of Internal Audit.
  - The role of Internal Audit in reducing and investigating fraud, and in consulting services.

### **3. Options Considered and Recommended Proposal**

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

### **4. Consultation on Proposal**

- 4.1 This section is not applicable to this report.

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

- 5.1 The Audit Committee is asked to receive this report at its September 2020 meeting.

## **6. Financial and Procurement Advice and Implications**

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

## **7. Legal Advice and Implications**

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

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

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

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

## **8. Human Resources Advice and Implications**

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

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

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

## **10 Equalities and Human Rights Advice and Implications**

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

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

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

## **12. Risks and Mitigation**

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

## **13. Accountable Officer**

David Webster, Head of Internal Audit.

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





# **Internal Audit Charter 2020**

## Contents

	<b>Section</b>	<b>Page</b>
1.	Introduction	3
2.	Mission, Definition and Core Principles	4
3.	Code of Ethics	5
4.	Independence	6
5.	Authority	7
6.	Role and scope of Internal Audit Work	8
7.	Responsibilities	9
8.	Audit Reports	10
9.	Relationships	11
10.	Resources and Prioritisation	12
11.	Fraud and Corruption	13
12.	Performance Reporting	14
13.	Definition of Consulting Services	14

## 1. Introduction

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

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

1.7 Within Rotherham Council:

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

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

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

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

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

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

## 2. Mission, Definition and Core Principles of Internal Audit

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

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

2.2 Internal Auditing is defined as:-

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

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

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

### **3. Code of Ethics**

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

#### **Integrity**

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

Internal Auditors:

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

#### **Objectivity**

Internal Auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.

## Internal Auditors:

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

## Confidentiality

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

## Internal Auditors:

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

## Competency

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

## Internal Auditors:

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

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

## **4. Independence**

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

4.2 The Head of Internal Audit:

- Has direct access to the Leader, Chief Executive, the Strategic Director Finance and Customer Services, the Monitoring Officer, the External Auditor, the Chair and Members of the Council's Audit Committee and any other officer or member of the Council as the Head of Internal Audit shall determine.
- Is able to make appropriate provisions for the undertaking of an objective assessment of the resource requirements of Internal Audit Services.

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

## **5. Authority**

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

## **6. Role and Scope of Internal Audit Work**

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

- Reviewing and appraising risks related to the achievement of objectives and business goals, and evaluating the adequacy and effectiveness of the system of internal control related to those risks;
  - Appraising the relevance, reliability and integrity of information;
  - Reviewing compliance with those policies, plans, procedures, statutory requirements and regulations which could have a significant impact on the achievement of the Council's objectives and business operations;
  - Reviewing the means of safeguarding assets and as appropriate verifying the existence of such assets;
  - Appraising the economy, efficiency and effectiveness with which resources are employed, and the delivery of services in a best value manner;
  - Reviewing operations or projects to ascertain whether results are consistent with the Council's established objectives and goals and whether the operations or projects are being carried out as planned;
  - Maintaining a program of review and assessment to enhance the integrity and usefulness of the Council's risk management processes;
  - Maintaining a program of development, review and audit in relation to quality improvement and assurance methods;
  - Assisting management in conducting special assignments and investigations into any matter or activity affecting the interests of the Council.
- 6.3 The internal audit coverage embraces the entire control environment of the Council, and extends to all areas of the Council and its controlled entities.
- 6.4 Particular attention is given to any aspects of the control environment affected by significant changes to the Council's risk environment.
- 6.5 Internal Audit completes advisory / consultancy work in agreement with senior management by responding to requests for audit reviews and by contributing to projects and working groups throughout the Council.
- 6.6 Internal Audit provides advice and practical support to service management in investigating fraud. Any allegation of fraud and corruption received is followed-up in accordance with the agreed procedures of the Anti-Fraud and Corruption Policy, Whistleblowing Policy and Disciplinary Procedures.
- 6.7 The Council also participates in the biennial National Fraud Initiative. Internal Audit administers the initiative.
- 6.8 Where the Council has entered into a partnership with other organisations the partnership arrangement will be subject to review. In addition, where Rotherham Council is the lead authority of a partnership or collaboration, the work undertaken will be subject to review by RMBC Internal Audit.
- 6.9 Internal Audit may undertake work for new clients by extending its work to third parties. All engagements will be performed in accordance with this Charter to an agreed schedule of audit days. The scope of Internal Audit's work for external bodies is primarily to provide assurance relating to the bodies' systems of internal control, although the bodies might also ask for additional consultancy work to be



conducted. Where appropriate, Internal Audit might also be asked to assist in or carry out investigations into suspected irregularities. Example of this work is where internal audit carry out work for Academies.

## **7. Responsibilities**

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

## **8. Audit Reports**

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

## **9. Relationships**

- 9.1 To provide optimum benefit to the organisation, internal audit works in partnership with management to improve the control environment and assist the organisation in achieving its objectives.

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

## **10. Resources and Prioritisation**

- 10.1 Internal Audit endeavours to maintain an effective number of staff to undertake the required workload, supported by effective systems of operation. Internal Audit applies staff in the most effective way in accordance with their experience and skills and in accordance with the PSIAS.
- 10.2 The Head of Internal Audit, s151 Officer and Audit Committee all have a responsibility to ensure Internal Audit has sufficient resources to enable it to fulfil its mandate. Significant matters that jeopardise the delivery of the plan or require changes to the plan will be identified, addressed and reported to the Audit Committee.

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

- Risk Based Audits

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

- Systems Audits

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

- Advisory Work

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

- Follow Up

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

- Responsive Work

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

- Investigations

Responding to the need to investigate potential fraud and irregularity.

- Work for External Bodies

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

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

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

10.7 Where there are any deficiencies arising in resources at any stage, the Head of Internal Audit and Strategic Director Finance and Customer Services will, firstly, try to provide additional audit support to the section. Where it becomes necessary to limit the amount of work it is possible for the Service to do, work for external parties, risk related work, follow up and responsive work will be reduced.

- 10.8 Internal Audit annually carries out a review of the skills within the team and any development needs, linked to operational requirements. Training and development is prioritised to reflect the needs of the service and individuals. This enables the service to maintain appropriate expertise for the delivery of the audit plan and strategy and to continuously adapt to new developments.
- 10.9 Where necessary, appropriate staff from within the Council or from external sources, will be obtained to complete specialist reviews.

## **11. Fraud and Corruption**

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

## **12. Performance Reporting**

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

### **13. Definition of Consulting Services**

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

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

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

## **Council Report**

Audit Committee Meeting – 29<sup>th</sup> September 2020

### **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 2020

Appendix B – Anti Fraud and Corruption Strategy 2020

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 November 2019. 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 paras 4.8 and 4.10).
  - Reference to anti-fraud work carried out by Internal Audit (Policy paras 4.14 and 4.15).
  - How the Council deals with attempts at fraud (Policy paras 4.1 and 6.10).
- 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.

~~Octo~~September 202019

## **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 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.

3.3 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.

3.4 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.

~~3.5 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. There have been some new attempts by organised criminals to fraudulently claim small business grants linked to the Covid 19 pandemic which have been reported for investigation nationally.

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. Declarations should be made on the on-line form which is managed centrally by the Corporate Support Unit. 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.
- Ensure that all Declarations of Interest and entries in the Gifts and Hospitality Register are reviewed (and where applicable, a risk assessment has been undertaken) by Line Managers / Senior Managers.
- ~~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:

- 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. Both the Register of Interests and Gifts and Hospitality Register are electronic and completed online. They are managed corporately by the Corporate Support Unit.

### **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:~~

This Policy is designed to supplement existing Council policies, which form the key building block in the Council's anti-fraud and corruption governance arrangements:

- Financial and Procurement Procedure Rules
- ~~Anti-Fraud and Corruption Policy~~
- Anti-Money Laundering Policy
- Whistleblowing and Serious Misconduct Policy
- Employee Code of Conduct
- Members Code of Conduct.
- Regulation of Investigatory Powers Act Policy

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.

4.14 The plan also includes provision for Anti-Fraud projects to be carried out.

4.15 Internal Audit also co-ordinates the National Fraud Initiative (NFI) exercise within RMBC. This is a biennial data-matching exercise that helps detect and prevent fraud and overpayments from the public purse across the UK. The NFI matches data across organisations and systems to help public bodies identify fraud and overpayments.

## **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 s151 Officer on Ext 22046 OR** the ~~Assistant Director~~ **Head of** Legal Services on Ext ~~2366155768~~ **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](mailto: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 8235661
- 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](http://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;
- **PROTECT (formerly Public Concern At Work (PCaW))** - An independent authority which seeks to ensure that concerns about malpractice are properly raised and addressed in the workplace. **PROTECTCaW** can provide confidential advice at any stage about how to raise a concern about fraud or other serious malpractice in the workplace. **PROTECTCaW** can be contacted by telephone on 020 3117 2520. Contact details are on their website at [www.pcaw.org.uk](http://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 ~~Business Partner 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.

6.10 Attempts of cyber-crime or fraud by organised criminals are investigated nationally by the Police and reported to Action Fraud by Internal Audit.

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# **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' were repealed in their entirety. Wider offences were 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

- 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.

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>A. Acknowledge responsibility</b> 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 <b>leadership team</b> 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 26 <sup>th</sup> November 2019.		
	A2 The organisation's <b>leadership team</b> acknowledge the importance of a <b>culture</b> that is resilient to the threats of fraud and corruption and aligns to the principles of good governance.	Y	As above		
	A3 The <b>governing body</b> 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 <b>governing body</b> 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		
<b>B. Identify risks.</b> Fraud risk identification is essential to	B1 Fraud risks are routinely considered as part of the organisation's risk management arrangements.	Y	Fraud risks are routinely considered by risk champions.		

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
understand specific exposures to risk, changing patterns in fraud and corruption threats and the potential consequences to the organisation and its service users.	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.		
<b>C. Develop a strategy.</b> An organisation needs a counter fraud strategy setting out its approach to managing its risks and defining responsibilities	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 26 <sup>th</sup> November 2019.		
	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.		

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
for action.	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 <b>below</b> :				
	Proactive Developing a counter-fraud <b>culture</b> 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 been made completed by 874 staff. It now needs to be updated and relaunched.	The e-learning course will be reviewed, updated and relaunched.	Rec 1
	Proactive Preventing fraud through the implementation of appropriate and robust internal controls and security measures.	Y	See Self-Assessment, Section C1.  Anti-Fraud & Corruption Policy, Section 4.3 and 4.4.		
	Proactive Using techniques such as data matching to validate data	Y	See Self-Assessment, Section C1.  We participate in the National Fraud Initiatives data matching exercise.		



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
			We are a member of the South & West Yorkshire Fraud Group.		
	Proactive Deterring fraud attempts by publicising the organisation's anti-fraud and corruption stance and the actions it takes against fraudsters	Y	See Self-Assessment Section E4.  Anti-Fraud and Corruption Policy and Strategy is on the Council Website.  Council website includes facility to report Blue Badge / Benefit fraud / Trading Standards		
	Responsive Detecting fraud through data and intelligence analysis	Y	See Self-Assessment, Section C.1.  Internal Audit uses analytics for fraud and non-fraud work:		
	Responsive Implementing effective whistleblowing arrangements.	Y	Anti-Fraud & Corruption Strategy, Section 7.1.		
	Responsive Investigating fraud referrals.		See Self-Assessment, Section C.1.		

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	Link to Fraud and Investigation Plan and Disciplinary Procedures.		
	Responsive Applying sanctions, including internal disciplinary, regulatory and criminal.	Y	See Self-Assessment, Section C.1.		
	Responsive Seeking redress, including the recovery of assets and money where possible	Y	See Self-Assessment, 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.		
<b>D. Provide Resources.</b> 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 experienced fraud qualified member of staff; 1 newly qualified and other very experienced staff.		
	D3 The organisation grants counter fraud staff unhindered access to its		All IA staff has such access, in accordance		

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
	employees, information and other resources as required for investigation purposes.	Y	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 South & West Yorkshire Fraud group.		
<b>E. Take Action.</b> 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"> <li>• Counter fraud policy</li> <li>• Whistleblowing policy</li> <li>• Anti-money laundering policy</li> <li>• Anti-bribery policy</li> <li>• Anti-corruption policy</li> <li>• Gifts and hospitality policy and register</li> <li>• Pecuniary interest and conflicts of interest policies and register</li> <li>• Codes of conduct and ethics</li> <li>• Information security policy</li> <li>• Cyber security policy</li> </ul>	Y	These documents are available on the Council Internal Audit Intranet page.		

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
	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		
	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 <b>at least annually</b> 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, and a comment is included in the AGS.		
<b>Applying the code in practice</b>	Where organisations are making a statement in an <b>annual governance report</b> about their adherence to this code, one of the following statements	Y	See above.		

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>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.</p> <p><b>Statement 1</b> Having considered all the principles, I 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><b>Statement 2</b> 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>				

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 reviewed, updated and relaunched.	Head of Internal Audit	31 March 2020
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**Committee Name and Date of Committee Meeting:**

Audit Committee - 29<sup>th</sup> September 2020

**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  
01709 823282 – [david.webster@rotherham.gov.uk](mailto:david.webster@rotherham.gov.uk)

Audit Committee Forward Work Plan

Meeting Date	Key Responsibility	Agenda Item	Author
24 November 2020	Financial Reporting	Training – Code of Corporate Governance Final Statement of Accounts	Graham Saxton
	Governance Risk and Control	Final AGS	Judith Badger
	Financial Reporting	External Audit report on the Accounts	Grant Thornton / Graham Saxton
	Governance / Risk and Control	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	

Meeting Date	Key Responsibility	Agenda Item	Author
19 <sup>th</sup> January 2021	Financial Reporting	Training Final Accounts closedown and accounting policies	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
23 <sup>rd</sup> March 2021	Internal Audit	Training IA Annual 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	Suzanne Joyner
	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
	Governance Risk and Control	Dedicated School Grant update	Neil Hardwick

Meeting Date	Key Responsibility	Agenda Item	Author
June 2021		Training	
	Financial Reporting	Draft Statement of Accounts	Graham Saxton
	Governance Risk and Control	Draft Annual Governance Statement	Judith Badger
	External Audit	External Audit Progress Update	Grant Thornton / Graham Saxton
	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
	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 2021		Training – Statement of Accounts	
	Financial Reporting	Final Statement of Accounts	Graham Saxton
	Governance Risk and Control	Final Annual Governance Statement	Judith Badger
	Governance Risk and Control	External Audit report on Accounts	Grant Thornton / Graham Saxton
	Treasury Management	Annual Treasury Management	Graham Saxton
	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
		Private meeting	

Meeting Date	Key Responsibility	Agenda Item	Author
September 2021		Training	
	External Audit	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	Information Governance Annual Report	Paul Vessey
	Governance Risk and Control	Risk Management Directorate Presentation – Assistant Chief Executive	Assistant Chief Executive
	Governance Risk and Control	Anti-Fraud and Corruption Policy and Strategy review and update	David Webster
Audit Committee Accountability	Audit Committee Forward Work Plan	David Webster	

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