

## **AUDIT COMMITTEE**

**Date and Time :-** **Tuesday 19 January 2021 at 2.00 p.m.**

**Venue:-** **Virtual Meeting.**

**Membership:-** **The Mayor (Councillor Andrews); Councillors Cowles, Vjestica, Walsh (Vice-Chair) and Wyatt (Chair)**

**Mr. J. Barber, Independent Member**

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 24th November, 2020 (Pages 3 - 8)**

To consider and approve the minutes of the previous meeting held on 24<sup>th</sup> November, 2020, as a true and correct record of the proceedings.

**5. Overview of Corporate Governance**

**6. Mid-Year Treasury Management and Prudential Indicators Monitoring Report – 2020-21 (Pages 9 - 28)**

**7. Annual Audit Letter (Pages 29 - 51)**

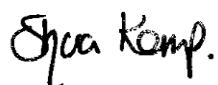
- 8. External Inspections, Reviews and Audits Update (Pages 52 - 67)**
- 9. Audit Committee Forward Plan (Pages 68 - 76)**
- 10. Items for Referral for Scrutiny**

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) 4 of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12(A) of such Act indicated, as now amended by the Local Government (Access to Information) (Variation) Order 2006 (information relates to finance and business affairs).
- 12. Regeneration and Environment Directorate Risk Register (Pages 77 - 87)**
- 13. Corporate Risk Register and update on Risk Management Arrangements during the COVID-19 Response (Pages 88 - 102)**
- 14. Internal Audit Progress Report for the period 1st November to 31st December 2020 (Pages 103 - 124)**
- 15. Urgent Business**

To consider any item which the Chair is of the opinion should be considered as a matter of urgency.
- 16. Date and time of next meeting**

The next meeting of the Audit Committee will be held on Tuesday, 23<sup>rd</sup> March, 2021, commencing at 2.00 p.m. venue to be confirmed



SHARON KEMP,  
Chief Executive.

**AUDIT COMMITTEE**  
**Tuesday 24 November 2020**

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

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

**121. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

**122. DECLARATIONS OF INTEREST**

There were no Declarations of Interest made at the meeting.

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

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

**124. MINUTES OF THE PREVIOUS MEETING HELD ON 29TH SEPTEMBER, 2020**

Consideration was given to the minutes of the previous meeting of the Audit Committee held on 29th September, 2020.

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

**125. AUDITED STATEMENT OF ACCOUNTS**

Consideration was given to a report presented by Rob Mahon, Head of Corporate Finance, which advised on matters arising from the external audit of the Council's 2019/20 Statement of Accounts as presented in the External Auditor's ISA260. The Committee were asked to acknowledge the findings and approve both the Letter of Management Representation which was attached at Appendix 3 to the report and the audited Statement of Accounts 2019/20.

Gareth Mills, on behalf of Grant Thornton, presented the ISA 260 which was attached at Appendix 4. It was confirmed that the deadline for submitting Audited Statement of Accounts had been extended in 2020 due to the COVID-19 pandemic. However it was anticipated that there could be a slight delay in the sign off of the accounts by Grant Thornton. No major changes were expected and the Chair, in consultation with the Strategic Director of Finance and Customer Services, would give approval for the final Audited Statement of Accounts to be published when completed. It was noted that a delay in signing off the Accounts was not

unique to Rotherham and many other local authorities were in a similar position.

There had been one key adjustment since the publication of the draft accounts relating to the pension fund however this did not impact the General Fund or the Council's reserves. The significant audit risks were highlighted in the report and the Dedicated School Grant (DSG) deficit position and recovery plan was discussed at the meeting. The representative from Grant Thornton confirmed that they had assessed the Council's material DSG deficit against the four criteria set out by the National Audit Office guidance. Three of the four criteria had been met and one partially met and as such a clean unqualified Value for Money conclusion had been proposed. Grant Thornton also intended to issue an unqualified opinion on the Statement of Accounts.

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

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

- Dedicated Schools Grant deficit reduction plan 2020-21 and beyond
- Financial impacts of COVID-19; budget monitoring 2020-21 and beyond

Resolved:-

- (1) That the Auditor's ISA 260 2019/20, as submitted at Appendix 4, be approved.
- (2) That the Statement of Accounts 2019/20 (Appendix 1 of the report submitted) and the 2019/20 Narrative Report (Appendix 2) be signed and approved for publication once complete.
- (3) That Grant Thornton be issued with the Letter of Management Representation (Appendix 3 of the report.)

## 126. CODE OF CORPORATE GOVERNANCE

David Webster, Head of Internal Audit, submitted the refreshed Council Code of Corporate Governance for consideration. It was presented at the meeting by Simon Dennis, Corporate Improvement & Risk Manager. There had been no new revisions to the CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) guidance on delivering good governance in local government. However, it was good practice to review and revise the Council Code on an annual basis.

The Corporate Governance Group had completed the review and had

made some changes to the Code to reflect elements of the Council's response to the COVID pandemic. It was anticipated that those changes would be temporary. Track changes had been included on the revised Code at Appendix A to the report to show the amendments. Some of the changes included removing references to the Council's Plan which had been replaced with the Year Ahead Plan and including reference to virtual meetings.

The 7 key principles set out in the guidance which underpinned the governance of each local government organisation had not changed. The Rotherham Code followed each of the principles and demonstrated how they were applied and evidenced in practice.

Resolved:- That the refreshed version of the Code of Corporate Governance be approved.

## **127. ANNUAL GOVERNANCE STATEMENT**

David Webster, Head of Internal Audit, presented the Annual Governance Statement for approval. The draft Annual Governance Statement had been presented to the Committee in August 2020 and track changes had been used to highlight any amendments that had been made to the final version.

COVID-19 had a significant impact on the Council at the end of 2019/20 and into 2020/21. However an effective governance framework, as referenced in paragraphs 3.10 and 3.11 of Appendix A to the report, had been in place throughout. Council, Cabinet and Committee meetings had continued to take place.

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

The Committee congratulated all officers and partners involved in maintaining good governance arrangements and a good budget position throughout the pandemic.

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.

## **128. AUDIT COMMITTEE FORWARD PLAN**

Consideration was given to Audit Committee's forward work plan which covered the next year. The plan showed how the agenda items related to

the objectives of the Committee. There were no amendments to or updates on the plan at this meeting. The Chair however confirmed that he had invited the Chief Executive to attend a meeting of the Audit Committee in the new year.

Resolved:-

- (1) That the Audit Committee forward plan, now submitted, be supported and any amendments arising actioned in due course.
- (2) That the Chief Executive is invited to attend an Audit Committee meeting in early 2021.

**129. ITEMS FOR REFERRAL FOR SCRUTINY**

There were no items for referral to Scrutiny.

**130. 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).

**131. INTERNAL AUDIT PROGRESS REPORT 1 SEPTEMBER-31 OCTOBER, 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 1st September to 31st October, 2020, and the key issues that had arisen therefrom. The current position of the plan was outlined in Appendix A to the report. The plan had to remain flexible and consultation would be ongoing throughout the rest of 2020/21 as the COVID-19 situation changed, with detailed scopes and timing agreed on an ongoing basis.

Ten audits had been finalised since the last Committee meeting including two with Substantial Assurance, five with Reasonable Assurance and three with Partial Assurance. Audit opinions and a brief summary of all audit work concluded since the last meeting was set out in Appendix B to the report.

Internal Audit's performance against a number of indicators was summarised in Appendix D. Sickness absence had impacted on the performance but it was confirmed that the team was now back to full capacity. Positive feedback had been received on six audits.

Appendix E showed the number of outstanding recommendations that

have passed their original due date, age rated. The number of aged outstanding actions has increased to 41. A presentation has been given to more than 50 Assistant Directors and Heads of Service outlining the issue and asking them to ensure that realistic dates were set when draft reports were agreed and to endeavour to clear actions by the agreed dates where possible.

Resolved:-

- (1) That the Internal Audit work undertaken between 1st September and 31st October 2020 and the key issues arising 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 Karen Middlebrook, Procurement Manager, be invited to a future meeting to provide an update on the Council's procurement processes.

**132. RISK MANAGEMENT DIRECTORATE - ASSISTANT CHIEF EXECUTIVE**

Consideration was given to a report presented on behalf of the Chief Executive by Simon Dennis, Corporate Improvement & Risk Manager, providing details of the Risk Register and risk management activity within the Assistant Chief Executive's Directorate.

Five out of the twelve risks on the Assistant Chief Executives Directorate risk register were assessed as being high risks. There were:-

- Tackling family poverty
- Successfully delivering the Council's Change Programme
- Management and Delivery of the Vulnerable People Resettlement Scheme and Asylum Programme
- Delivery of the Corporate Priorities, specifically a strong community and expanding prosperity and opportunity. There is also a risk that these may be impacted by the UK leaving the European Union on 31st January 2021.
- Delivery of the Year Ahead Plan

Resolved:-

- (1) That the progress and current position in relation to risk management activity in the Assistant Chief Executive's Directorate, as detailed in the report now submitted, be noted.
- (2) That Simon Dennis and Caroline Webb to provide a written response for the Committee regarding the consultation process with Mears in relation to Management and Delivery of the Vulnerable people resettlement scheme and the asylum programme.

**133. URGENT BUSINESS**

There was no urgent business.

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

Resolved:- That the next meeting of the Audit Committee be held on Tuesday, 19th January, 2021 commencing at 2.00 p.m. via Microsoft Teams.



Public Report  
Audit Committee

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**Committee Name and Date of Committee Meeting**

Audit Committee – 19 January 2021

**Report Title**

Mid-Year Treasury Management and Prudential Indicators Monitoring Report – 2020/21

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

No

**Strategic Director Approving Submission of the Report**

Judith Badger, Strategic Director of Finance and Customer Services

**Report Author(s)**

Rob Mahon, Head of Corporate Finance  
01709 254518 or rob.mahon@rotherham.gov.uk

**Ward(s) Affected**

Borough-Wide

**Report Summary**

Mid-Year Treasury Review

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

This report is the mid-year review for 2020/21. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's prudential indicators (PIs).

It is also a requirement that any proposed changes to the 2020/21 prudential indicators are approved by Council.

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

The key messages for Members are:

- a. Investments - the primary governing principle remains security over return and the criteria for selecting counterparties continues to reflect this.
- b. Borrowing - The Council will maintain its strategy of being under-borrowed against the capital financing requirement and continue to use local authority short term borrowing to meet all borrowing requirements, as the most cost effective approach in the current financial climate. This position will remain under review and an update of the strategy will be presented to Members within the Budget and Council Tax 2021/22 report to Council in March 2021.
- c. Governance - strategies and monitoring are undertaken by Audit Committee.

**Recommendations**

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

**List of Appendices Included**

Appendix – Mid-Year Treasury Management and Prudential Indicators Monitoring Report – 2020/21.

**Background Papers**

Budget and Council Tax Setting Report 2020/21 to Council on 26<sup>th</sup> February 2020,  
Including the Treasury Management Strategy 2020/21

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

No.

**Council Approval Required**

No

**Exempt from the Press and Public**

No.

## **1. Background**

- 1.1 **Mid-Year Treasury Review** – The CIPFA Treasury Management Code of Practice includes a requirement that Members receive a mid-year treasury review, in addition to the forward looking annual treasury strategy and backward looking annual treasury report required previously.
- 1.2 This review as fully set out in the Appendix meets the revised requirement as set out in section 1.1 above. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's prudential indicators (PIs). The Treasury Management Strategy and PIs were previously reported to Cabinet on 17<sup>th</sup> February 2020 and approved by Council on 26th February 2020.

## **2. Key Issues**

- 2.1 Mid-Year Treasury Review – The review as set out in the Appendix provides Members with details of mid-year performance against the plan.
- 2.2 The key messages for Members are:
  - A. Investments - the primary governing principle remains security over return and the criteria for selecting counterparties continues to reflect this.
  - B. Borrowing - The Council will maintain its strategy of being under-borrowed against the capital financing requirement and continue to use local authority short term borrowing to meet all borrowing requirements, as the most cost effective approach in the current financial climate. This position will remain under review and an update of the strategy will be presented to Members within the Budget and Council Tax 2021/22 report to Council in March 2021.
  - C. Governance - strategies and monitoring are undertaken by Audit Committee.

## **3. Options considered and recommended proposal**

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

## **4. Consultation on proposal**

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

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

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

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

- 6.1 Treasury Management forms an integral part of the Council's overall financial arrangements.
- 6.2 The assumptions supporting the capital financing budget for 2020/21 and for future years covered by the Council's MTFS were reviewed in light of economic and financial conditions and the capital programme.
- 6.3 The current strategy is to maintain the Council's position of being under-borrowed against the Capital Financing Requirement and to optimise cash-flows by using short-term loans rather than taking out new longer term debt. This strategy takes advantage of the low interest rates currently available for short term loans and generates savings against the 2020/21 budget which are reflected in the financial monitoring reports.
- 6.4 There are no direct procurement implications associated with this report.

**7. Legal Advice and Implications**

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

**8. Human Resources Advice and Implications**

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

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

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

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

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

**11. Implications for Partners**

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

**12. Risks and Mitigation**

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

**13. Accountable Officers**

Graham Saxton, Assistant Director – Financial Services  
Rob Mahon, Head of Corporate Finance

Approvals obtained on behalf of Statutory Officers:-

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

*Report Author:* Rob Mahon, Head of Corporate Finance

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

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

- 1.1 The CIPFA Treasury Management Code of Practice includes a requirement that the Council receive a mid-year treasury review, in addition to the forward looking annual treasury strategy and backward looking annual treasury report required previously.
- 1.2 This report meets that requirement. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's prudential indicators (PIs). The Treasury Management Strategy and PIs for 2020/21 were previously reported to Cabinet on 17<sup>th</sup> February 2020 and approved by Council on 26<sup>th</sup> February 2020.
- 1.3 The Council's revised capital expenditure plans and the impact of these revised plans on its financing are set out below in Sections 2.2 and 2.3 respectively. The Council's capital spending plans provide a framework for the subsequent treasury management activity. Section 3 onwards sets out the impact of the revised plans on the Council's treasury management indicators.
- 1.4 The underlying purpose of the report supports the objective in the CIPFA Code of Practice on Treasury Management and the Communities & Local Government Investment Guidance. This states that Members receive and adequately scrutinise information on the treasury management service.
- 1.5 The underlying economic and financial environment remains difficult for the Council, foremost being the improving, but still challenging, concerns over investment counterparty risk. This background encourages the Council to continue maintaining investments short term and with low risk counterparties. The downside of such a policy is that investment returns remain low. This situation has been further exacerbated by the economic impact of the Covid-19 pandemic, that has seen the Bank of England base rate fall to 0.1%.
- 1.6 As the Council continues to utilise the short term borrowing market to generate interest rate savings as part of approved budget plans, the level of short term borrowing will continue to rise. As a result of this the Council increased its prudential indicator for borrowing volumes with a maturity date less than 12 months, to 25% of total borrowing as part of the 2020/21 Treasury Management Strategy. Whilst the Covid-19 pandemic has seen severe impacts to the global economy, its reduction in the base rate has also lead to a significantly reduced cost of short-term borrowing, enabling the Council to generate greater savings from its strategy.
- 1.7 On 26<sup>th</sup> November PWLB made a significant change to their long-term borrowing rates decreasing them all by 1%. The key features of this change were to allow local authorities to access cheaper long term borrowing but under a more restrictive borrowing arrangement that would allow the PWLB to prevent borrowing for commercial investments. The PWLB will no longer lend to any local authority that has any plans to buy investment assets primarily for

yield anywhere in their capital programme. The immediate impact of this decision has seen PWLB 50 year borrowing levels fall to 1.5% and below but with that short-term borrow falling, to as little as 0.3% for 3 months, for example. The Council keeps interest rates under constant review within its borrowing strategies and decisions on the mix of long-term and short-term borrowing.

- 1.8 The Strategic Director for Finance & Customer Services can report that the basis of the Treasury Management Strategy, the Investment Strategy and the PIs (aside from the under 12 months indicator referenced above) have not changed from that set out in the approved Treasury Management Strategy (February 2020).

## **2. Key Prudential Indicators**

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

### **2.2 Capital Expenditure (PI)**

- 2.2.1 This table shows the current forecast estimates for capital expenditure. This position reflects slippage on the capital programme from 2019/20 which was rolled into 2020/21, as reported in the financial outturn report to Cabinet in July 2020, and new scheme approvals during the year.

<b>Capital Expenditure by Service</b>	<b>2020/21 Original Estimate £m</b>	<b>2020/21 Revised Estimate £m</b>
Children and Young People's Services	12.508	12.900
Assistant Chief Executive	0.627	0.424
Adult Care & Housing	4.720	4.461
Finance and Customer Services	7.481	9.712
Regeneration and Environment	43.552	51.969
Capitalisation Direction	2.000	2.000
<b>Total Non-HRA</b>	<b>70.888</b>	<b>81.466</b>
Adult Care & Housing – HRA	47.723	57.634
<b>Total HRA</b>	<b>47.723</b>	<b>57.634</b>
<b>Total</b>	<b>118.611</b>	<b>139.100</b>

## 2.3 Impact of Capital Expenditure Plans

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

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

Capital Expenditure	Original Estimate £m	Revised Estimate £m
Total spend	118.611	139.100
<b>Financed by:</b>		
Capital receipts	21.272	12.465
Capital grants, capital contributions & other sources of capital funding	63.653	83.196
Borrowing Need	33.686	43.439
<b>Total Financing</b>	<b>118.611</b>	<b>139.100</b>
Unsupported Borrowing	33.686	43.439
<b>Borrowing Need</b>	<b>33.686</b>	<b>43.439</b>

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

### 2.3.2 The increase in borrowing need for 2020/21 (£9.753m) reflects the re-profiling of capital expenditure & financing.

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

The table below shows the CFR, which is the underlying external need to borrow for a capital purpose. It also shows the expected debt position over the period. This expected debt position has previously been used as the basis for the Operational Boundary PI. This was set at the beginning of the financial year at £885.699m. There may be periods where the actual position rises above the Operational Boundary, but this is acceptable practice. It is the Authorised Limit which the Council must not breach. However during 2020/21 it is not expected that the Operational Boundary will be breached as the Council continues to utilise short term borrowing and remain under-borrowed.

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

the contract and there has been no change in the borrowing need resulting from these requirements.

2.3.5 The current CFR estimate for 2020/21 is £876.956m and this figure represents an increase of £34.753m when compared to the 2019/20 year-end position of £842.203m. The increase is predominantly due to reflecting the Council's approved Capital Programme within the revised CFR estimate, a further adjustment is made to reflect the repayments of borrowing within PFI schemes. These two adjustments are detailed below;

- The estimated borrowing need for the year £43.439m net of the Minimum Revenue Provision charge for the year (£5.657m)
- The repayments of borrowing contained within PFI and similar schemes (£3.028m).

In addition, the overall Capital Financing Requirement for 2020/21 has increased due to a review of how MRP charges for PFI assets are reflected in the overall CFR. This does not impact on revenue costs, but it does more accurately reflect the Council's overall CFR position.

<b>Prudential Indicator – Capital Financing Requirement</b>	<b>2020/21 Original Estimate £m</b>	<b>2020/21 Revised Estimate £m</b>
CFR – Non Housing	458.929	447.597
CFR – Housing	305.075	305.870
<b>Total CFR excluding PFI, finance leases and similar arrangements</b>	<b>764.004</b>	<b>753.467</b>
<b>Net movement in CFR excluding PFI, finance leases and similar arrangements</b>	<b>31.811</b>	<b>37.782</b>
Cumulative adjustment for PFI, finance leases and similar arrangements	123.489	123.489
<b>Net movement in CFR</b>	<b>-2.760</b>	<b>-3.028</b>
Total CFR including PFI, finance leases and similar arrangements	887.493	876.956
<b>Net movement in overall CFR</b>	<b>29.051</b>	<b>34.753</b>
<b>Prudential Indicator – Operational Boundary</b>	<b>Original Estimate</b>	<b>Current Position</b>
Borrowing	762.210	753.467
Other long term liabilities*	123.489	123.489
<b>Total Debt 31 March</b>	<b>885.699</b>	<b>876.956</b>

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

<b>Former SYCC Operational Boundary for External Debt</b>	<b>2020/21 Original Estimate £m</b>	<b>Current Position £m</b>	<b>2020/21 Revised Estimate £m</b>
Borrowing	19.689	0.000	0.000
Other long term liabilities	0.000	0.000	0.000
<b>Total Debt 31 March</b>	<b>19.689</b>	<b>0.000</b>	<b>0.000</b>

\*The operational boundary for Former SYCC debt has been removed now that the final loan has been repaid.

### 3. Limits to Borrowing Activity

- 3.1 The first key control over the treasury activity is a PI to ensure that over the medium term, gross and net borrowing will only be for a capital purpose. Gross and net external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2020/21 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which would only be undertaken if this proves prudent to do so.

<b>RMBC</b>	<b>2020/21 Original Estimate £m</b>	<b>2020/21 Revised Estimate £m</b>
Gross Borrowing	732.210	720.506
Plus Other Long Term liabilities*	123.489	123.489
<b>Total Gross Borrowing</b>	<b>855.699</b>	<b>843.995</b>
CFR*	887.493	876.956
Total Gross Borrowing	855.699	843.995
Less Investments	20.000	20.000
<b>Net Borrowing</b>	<b>835.699</b>	<b>823.995</b>
CFR*	887.493	876.956

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

- 3.2 The Strategic Director for Finance & Customer Services reports that no difficulties are envisaged for the current or future years in complying with this PI.
- 3.3 A further PI controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and

needs to be set and revised by Members. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

<b>Authorised limit for external debt (RMBC)</b>	<b>2020/21 Original Indicator £m</b>	<b>2020/21 Revised Indicator £m</b>
Borrowing	784.004	773.467
Other long term liabilities*	123.489	123.489
<b>Total</b>	<b>907.493</b>	<b>896.956</b>

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

<b>Former SYCC - Authorised Limit for External Debt</b>	<b>2020/21 Original Estimate £m</b>	<b>2020/21 Current Position £m</b>	<b>2020/21 Revised Estimate £m</b>
Borrowing	19.689	0.000	0.000
Other long term liabilities	0.000	0.000	0.000
<b>Total</b>	<b>19.689</b>	<b>0.000</b>	<b>0.000</b>

- 3.4 The revised SYCC authorised limit for external debt is now £0 as the final SYCC loan has been fully repaid. The Strategic Director for Finance & Customer Services reports that no difficulties are envisaged for the current or future years in complying with this PI.

#### **4. Treasury Strategy 2020/21**

##### **4.1 Debt Activity during 2020/21**

- 4.1.1 The expected borrowing need is set out below:

RMBC	2020/21 Original Estimate £m	2020/21 Revised Estimate £m
CFR	887.493	876.956
Less Other Long Term Liabilities*	123.489	123.489
<b>Net Adjusted CFR (y/e position)</b>	<b>764.004</b>	<b>753.467</b>
Borrowed at 30/09/20	715.367	682.830
Invested at 30/09/20	-20.000	-59.760
<b>Under borrowing at 30/09/20</b>	<b>68.637</b>	<b>130.397</b>
Borrowed at 30/09/20	715.367	682.830
Estimated additional borrowing to be taken October to March 2021	0.000	37.676
<b>Total Borrowing</b>	<b>715.367</b>	<b>720.506</b>
Under borrowing at 31/03/21	48.637	32.961
Level of short term borrowing as 31/3/21		385.069

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

- 4.1.2 The Council is currently significantly under-borrowed. The delay in borrowing long-term reduces the cost of carrying borrowed monies when yields on investments are low relative to the borrowing rates. Based on current borrowing rates and investment returns the differential is around 1.2% and if the Council was fully borrowed the additional cost per year would amount to over £5m (Under borrowing and ST borrowing X 1.2%). The delay in taking out new long-term borrowing does give rise to an element of interest rate risk, as longer term borrowing rates may rise but this position is being closely monitored and the overall position carefully managed. It is expected that the current base rate conditions will continue for a number of years.
- 4.1.3 During the six months to 30 September 2020 the Council has taken out the following amounts of short-term borrowing shown in the table below. The borrowing taken highlights the Council's current position of utilising low rate short term loans to generate significant savings. The following loans were required for a combination of debt refinancing, pension fund payments profile and cashflow management.

Lender	Principal	Type	Term	Interest Rate %
Local Authority	£10,000,000	Temp	13 Months	1.10
Local Authority	£5,000,000	Temp	11 Months	1.00
Local Authority	£15,000,000	Temp	11 Months	1.00
Local Authority	£5,000,000	Temp	11 Months	1.00
Local Authority	£5,000,000	Temp	11 Months	1.00
Local Authority	£10,000,000	Temp	11 Months	1.00
Local Authority	£10,000,000	Temp	11 Months	0.95
Local Authority	£5,000,000	Temp	11 Months	0.95
Local Authority	£10,000,000	Temp	11 Months	0.80
Local Authority	£5,000,000	Temp	11 Months	0.55
Local Authority	£5,000,000	Temp	11 Months	0.55
Local Authority	£10,000,000	Temp	11 Months	0.50
Local Authority	£15,000,000	Temp	10 Months	0.90
Local Authority	£10,000,000	Temp	10 Months	0.90
Local Authority	£5,000,000	Temp	9 Months	1.00
Local Authority	£5,000,000	Temp	9 Months	1.00
Local Authority	£8,000,000	Temp	9 Months	0.90
Local Authority	£5,000,000	Temp	9 Months	0.90
Local Authority	£5,000,000	Temp	9 Months	0.89
Local Authority	£5,000,000	Temp	9 Months	0.90
Local Authority	£5,000,000	Temp	9 Months	0.90
Local Authority	£14,000,000	Temp	9 Months	0.85
Local Authority	£5,000,000	Temp	9 Months	1.00
Local Authority	£5,000,000	Temp	9 Months	0.95
Local Authority	£5,000,000	Temp	9 Months	0.90
Local Authority	£5,000,000	Temp	9 Months	1.00
Local Authority	£15,000,000	Temp	8 Months	0.90
Local Authority	£5,000,000	Temp	8 Months	1.00
Local Authority	£10,000,000	Temp	8 Months	0.75
Local Authority	£5,000,000	Temp	8 Months	0.50
Local Authority	£20,000,000	Temp	8 Months	0.30
Local Authority	£5,000,000	Temp	7 Months	0.41
Local Authority	£20,000,000	Temp	6 Months	0.90
Local Authority	£8,000,000	Temp	6 Months	0.90
Local Authority	£2,000,000	Temp	6 Months	0.90
Local Authority	£5,000,000	Temp	6 Months	0.90
Local Authority	£5,000,000	Temp	6 Months	0.90
Local Authority	£5,000,000	Temp	6 Months	0.90
Local Authority	£10,000,000	Temp	6 Months	0.75
Local Authority	£10,000,000	Temp	6 Months	0.75

Local Authority	£10,000,000	Temp	6 Months	1.00
Local Authority	£5,000,000	Temp	6 Months	1.00
Local Authority	£10,000,000	Temp	6 Months	1.05
Local Authority	£15,000,000	Temp	6 Months	1.00
Local Authority	£20,000,000	Temp	6 Months	1.00
Local Authority	£5,000,000	Temp	6 Months	1.03
Local Authority	£5,000,000	Temp	6 Months	1.00
Local Authority	£5,000,000	Temp	6 Months	1.00
Local Authority	£20,000,000	Temp	6 Months	0.85
Local Authority	£5,000,000	Temp	6 Months	1.00
Local Authority	£5,000,000	Temp	6 Months	0.97
Local Authority	£5,000,000	Temp	6 Months	0.70
Local Authority	£5,000,000	Temp	6 Months	0.38
Local Authority	£5,000,000	Temp	6 Months	0.40
Local Authority	£10,000,000	Temp	6 Months	0.10
Local Authority	£10,000,000	Temp	5 Months	0.80
Local Authority	£3,000,000	Temp	5 Months	0.90
Local Authority	£5,000,000	Temp	4 Months	0.85
Local Authority	£10,000,000	Temp	3 Months	0.80
Local Authority	£10,000,000	Temp	3 Months	0.85
Local Authority	£10,000,000	Temp	2 Months	0.30

- 4.1.4 During the six months to 30 September 2020, the Council has repaid a number of long-term loans from the PWLB, and short-term loans from the Local Authority lending market. The principal repaid, and interest rates are detailed in the table below.

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

Lender	Principal	Type	Interest Rate %
PWLB	£1,000,000	Fixed rate (EIP)	3.46
PWLB	£65,000	Fixed rate (EIP)	1.89
PWLB	£94,116	Fixed rate (Annuity)	Various
PWLB	£10,000,000	Fixed rate	3.20
PWLB (Met Debt)	£19,689,000	Fixed rate	5.10
<b>5.</b> <u>Investment Strategy 2020/21</u>	£10,000,000	Temp	1.10
Local Authority	£5,000,000	Temp	1.00
<b>5.1 Key Objectives</b>	£15,000,000	Temp	0.92
Local Authority	£8,000,000	Temp	0.90
Local Authority	£10,000,000	Temp	0.90
Local Authority	£5,000,000	Temp	0.90
Local Authority	£5,000,000	Temp	0.90
Local Authority	£15,000,000	Temp	0.90
Local Authority	£5,000,000	Temp	0.90
Local Authority	£5,000,000	Temp	0.90
Local Authority	£14,000,000	Temp	0.90
Local Authority	£5,000,000	Temp	0.90
Local Authority	£10,000,000	Temp	0.90
Local Authority	£2,000,000	Temp	0.90
Local Authority	£5,000,000	Temp	0.90
Local Authority	£5,000,000	Temp	0.90
Local Authority	£5,000,000	Temp	0.89
Local Authority	£5,000,000	Temp	0.87
Local Authority	£5,000,000	Temp	0.87
Local Authority	£10,000,000	Temp	0.85
Local Authority	£5,000,000	Temp	0.85
Local Authority	£5,000,000	Temp	0.85
Local Authority	£5,000,000	Temp	0.80
Local Authority	£5,000,000	Temp	0.78
Local Authority	£20,000,000	Temp	0.75
Local Authority	£10,000,000	Temp	0.75
Local Authority	£10,000,000	Temp	0.55
Local Authority	£10,000,000	Temp	0.55
Local Authority	£10,000,000	Temp	0.30

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

- 5.1.1 The Council is currently operating a strategy, whereby it is utilising the low rates available in the short term inter-local authority lending market to hold a position of being under borrowed, with the vision of not entering into any long term borrowing until required. Typically, this means that the Council has less day to day cash to invest. However, this year due to significant volumes of cash grants being paid to the Council as part of the Covid 19 response and recovery and the availability of increasingly cheap short term borrowing, the Council has been carrying a larger cash balance than normal. Whilst this does bring a cost of carry the Council is in part securing interest savings for the next two financial years to support the Council's budget, by securing 2-year loan periods at cheaper rates than had been forecast and budgeted across that period.
- 5.1.2 The Council has been managing any cash surpluses into one of the following investment options, Debt Management Office (DMO currently at 0.01%), or Bank Deposits (e.g. Handelsbanken currently at 0.01%). The Council has continued to use Money Market Funds's (MMF's), which had comparable investment returns ranging from 0.2% to 0.35%. The process for using MMF's is very efficient and effective, with the added benefit that the funds the Council can access are all AAA rated.

## 5.2 Current Investment Position

The Council held £59.760m of investments at 30 September 2020, and the constituent parts of the investment position are:

<b>Sector</b>	<b>Country</b>	<b>Up to 1 year £m</b>	<b>1 - 2 years £m</b>	<b>2 – 3 years £m</b>
Banks	UK	10.000	0	0
DMO	UK	20.000	0	0
MMF's	UK	29.760	0	0
<b>Total</b>		<b>59.760</b>	<b>0</b>	<b>0</b>

## 5.3 Risk Benchmarking

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

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

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

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

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

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

The Strategic Director for Finance & Customer Services can report that the return to date averages 0.18%, against a 7 day LIBID to the end of September 2020 of -0.06%. This is reflective of the Council's current approach utilising Money Market Funds to generate additional investment returns.

Based on the Council's current average cash investments of £22m, the additional return achieved compared to benchmark would be £36k.

## **6. Revisions to the Investment Strategy**

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

## **7. Treasury Management Prudential Indicators**

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

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

	2020/21 Original Indicator %	2020/21 Current Position %
Non-HRA	6.05	5.68
HRA	15.95	16.66

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

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

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

RMBC	2020/21 Original Indicator	Current Position
Limits on fixed interest rates based on net debt	100%	80.82%
Limits on variable interest rates based on net debt	30%	19.18%

#### **7.4 Maturity Structures Of Borrowing**

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

The current position shown below reflects the next call dates on those Council's LOBO loans that are not callable in 2020/21 and thus are regarded as fixed rate. The actual maturity date for most of these loans is greater than 50 years. This approach gives a better indication of risk and whilst there is a possibility that a loan is called with an increase in interest payable the likelihood of any LOBO loans being called in the current climate is assessed as zero for the next three years.

RMBC	2020/21 Original Indicator		Current Position	
	Lower	Upper	%	£m
Under 12 months	0%	50%	43.61%	297.761
12 months to 2 years	0%	35%	3.71%	25.328
2 years to 5 years	0%	45%	5.05%	34.508
5 years to 10 years	0%	45%	0.18%	1.260
10 years to 20 years	0%	45%	5.95%	40.637
20 years to 30 years	0%	50%	0.73%	5.000
30 years to 40 years	0%	50%	15.57%	106.336
40 years to 50 years	0%	55%	10.54%	72.000
50 years and above	0%	60%	14.64%	100.000

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

Former SYCC	2020/21 Original Indicator		Current Position	
	Lower	Upper	%	£m
Under 12 months	0%	60%	0.00%	0.000
12 months to 2 years	0%	75%	0.00%	0.000
2 years to 5 years	0%	100%	0.00%	0.000

#### 7.5 Total Principal Funds Invested

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

The Council currently has no sums invested for periods exceeding 364 days due to market conditions. To allow for any changes in those conditions the indicator has been left unchanged.

RMBC	2020/21 Original Indicator £m	Current Position £m
<b>Maximum principal sums invested &gt; 364 days</b>	10	0
Cash deposits	10	0

#### 7.6 Treasury Management Advisers

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

# The Annual Audit Letter for Rotherham Metropolitan Borough Council

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Year ended 31 March 2020

11 January 2021



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Your key Grant Thornton team members are:

**Gareth Mills**  
**Engagement Lead**  
T: 0113 200 2535  
E: gareth.mills@uk.gt.com

**Thilina De Zoysa**  
**Engagement Manager**  
T: 0113 200 1589  
E: thilina.de.zoysa@uk.gt.com

**Greg Charnley**  
**Engagement Assistant Manager**  
T: 0113 200 2558  
E: greg.f.charnley@uk.gt.com

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# 1. Executive Summary

## Purpose

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Rotherham Metropolitan Borough Council (the Council) for the year ended 31 March 2020.

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

We reported the detailed findings from our audit work to the Council's Audit Committee as those charged with governance in our Audit Findings (ISA260) Report on 24 November 2020.

## Our work

Materiality	We determined materiality for the audit of the Council's financial statements to be £9,000,000, which is 1.5% of the Council's gross revenue expenditure.
Financial Statements opinion	We issued an unqualified opinion on the Council's financial statements on 4 December 2020.  We included an emphasis of matter paragraph in our report in respect of the uncertainty over valuations of the Council's land and buildings including investment properties and the Authority's share of the pension fund's property investments given the Coronavirus pandemic. This does not affect our opinion that the statements give a true and fair view of the Council's financial position and its income and expenditure for the year.
Whole of Government Accounts (WGA)	We are currently completing work on the Council's consolidation return following guidance issued by the NAO.
Use of statutory powers	We did not identify any matters which required us to exercise our additional statutory powers.

# Executive Summary

<b>Value for Money arrangements</b>	We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Council on 4 December 2020.
<b>Certificate</b>	We are currently unable to certify that we have completed the audit of the financial statements of Rotherham Metropolitan Borough Council. This is because we have yet to complete work on the Council's Whole of Government Accounts consolidation return. Once this is completed, we will be able to certify that we have completed the audit of the Council's financial statements in accordance with the requirements of the Code of Audit Practice.

## Working with the Council

The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the Council and also how our external audit work was performed. Both Council and audit staff have had to work remotely, including remotely accessing working papers and financial systems. In addition, face to face meetings have been replaced by telephone and video conferencing arrangements which has also extended to Council Committee meetings including the Audit Committee. This remote working on both sides, combined with the increased level of audit testing performed and audit evidence required (particularly in respect of the significant risk areas) resulted in the audit fieldwork taking longer than planned.

This is our second year of audit at Rotherham Metropolitan Borough Council and we believe we have continued to develop professional working relationships with you and your officers and have delivered a number of positive outcomes, including:

- regular liaison with the finance team and members of senior management and members of the Audit Committee to understand the issues facing the Council
- understanding your operational health – through the value for money conclusion we provided you with assurance on your operational effectiveness

- sharing our insight – we provided regular Audit Committee updates covering best practice
- providing training – we provided your teams with training on financial statements and annual reporting.

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

Grant Thornton UK LLP  
January 2021

## 2. Audit of the Financial Statements

### Our audit approach

#### Materiality

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

We determined materiality for the audit of the Council's financial statements to be £9,000,000, which is 1.5% of the Council's gross revenue expenditure. We used this benchmark as, in our view, users of the Council's financial statements are most interested in where the Council has spent its revenue in the year.

We also set a lower level of specific materiality for senior officer remuneration.

We set a lower threshold of £450,000, above which we reported errors to the Audit Committee in our Audit Findings Report.

#### The scope of our audit

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

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

We also read the remainder of the Statement of Accounts to check it is consistent with our understanding of the Council and with the financial statements included in the Statement of Accounts on which we gave our opinion.

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

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

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

# Audit of the Financial Statements

## Significant Audit Risks

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

Risks identified in our Audit Plan Addendum (April 2020)	How we responded to the risk	Findings and conclusions
<p><b>Covid-19</b></p> <p>The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to:</p> <ul style="list-style-type: none"><li>• Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation</li><li>• Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates</li><li>• Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen</li><li>• Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties.</li></ul> <p>We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"><li>• worked with management to understand the implications the response to the Covid-19 pandemic had on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations. No changes were made to materiality levels previously reported</li><li>• liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross-sector responses to issues as and when they arose. Examples include the material uncertainty disclosed by the Council's property valuation expert</li><li>• evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic</li><li>• evaluated whether sufficient audit evidence could be obtained through remote technology</li><li>• evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as assets and the pension fund liability valuations</li><li>• evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment</li><li>• discussed with management the implications for our audit report where we have been unable to obtain sufficient audit evidence.</li></ul>	<p>On the basis of our work, we concluded that our audit report opinion would be unqualified with an emphasis of matter relating to the material uncertainty around the valuation of land and buildings including investment properties and the Authority's share of the pension fund's property investments. This change to our opinion was a direct result of the impact of Covid-19. The reporting of a material uncertainty on the valuation of land and buildings is consistent across our other local authority audits.</p>

# Audit of the Financial Statements

## Significant Audit Risks continued

Risks identified in our Audit Plan	How we responded to the risk	Findings and conclusions
<p><b>Management over-ride of controls</b></p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our work we:</p> <ul style="list-style-type: none"><li>• evaluated the design effectiveness of management controls over journals</li><li>• analysed the journals listing and determined the criteria for selecting high risk unusual journals and testing them</li><li>• tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration</li><li>• gained an understanding of the accounting estimates and critical judgements applied and made by management and considered their reasonableness with regard to corroborative evidence</li><li>• evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li></ul>	<p>There were no issues arising from our work which we needed to bring to your attention.</p>

# Audit of the Financial Statements

## Significant Audit Risks continued

Risks identified in our Audit Plan	How we responded to the risk	Findings and conclusions
<p><b>Valuation of land and buildings</b></p> <p>The Authority re-values its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (c£905 million) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.</p> <p><b>Updated post March 2020:</b> The covid-19 pandemic has resulted in the volatility of financial and property markets. This will increase the uncertainty of assumptions applied by management to asset valuations. Therefore we have now included investment properties valuation as well under this significant risk. This significant risk now covers Council dwellings, other land and buildings (as per Audit Plan) and investment properties.</p> <p>We therefore identified valuation of land and buildings, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our audit work, we:</p> <ul style="list-style-type: none"> <li>• updated our understanding of the processes and controls put in place by management to ensure that the Council's valuation of land and buildings are not materially misstated and evaluated the design of the associated controls</li> <li>• evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work</li> <li>• evaluated the competence, capabilities and objectivity of the valuation expert</li> <li>• discussed with the valuer the basis on which the valuation was carried out</li> <li>• challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding, including checking that the floor areas used are consistent with other records.</li> <li>• in a new development for 2019-20, engaged our own valuer to assess the instructions to the Authority's valuer, the Authority's valuer's report and the assumptions that underpin the valuation</li> <li>• tested revaluations made during the year to see if they had been input correctly into the Council's asset register in line with Code guidance.</li> <li>• evaluated the assumptions made by management for those assets not revalued during the year and how management had satisfied themselves that these were not materially different to current value at year end</li> <li>• evaluated whether sufficient audit evidence can be obtained due to Covid-19 impact to corroborate significant management estimates around land and buildings.</li> </ul>	<p>The Council uses in-house RICS qualified valuers to value its land and buildings including investment properties. The valuation reports included a material valuation uncertainty paragraph as a result of Covid-19 which was also reported in the Council's financial statements under material estimation uncertainties. As a result we included an emphasis of matter in our audit opinion relating to this material uncertainty. This does not affect our opinion that the financial statements gave a true and fair view of the Council's financial position and its income and expenditure for the year. It is also important to note that this was a national issue, applying to most local authorities with material land and building asset bases.</p> <p>Other than the above matter, our work identified some immaterial misstatements which were not adjusted in the financial statements. We reported these as unadjusted misstatements in our Audit Finding Report. The unadjusted misstatements were not material and therefore had no impact on the audit opinion which we issued on 4 December 2020.</p>

# Audit of the Financial Statements

## Significant Audit Risks continued

Risks identified in our Audit Plan	How we responded to the risk	Findings and conclusions
<p><b>Valuation of pension fund net liability</b></p> <p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£459m in the Authority's balance sheet at 31 March 2019) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>As part of our work, we:</p> <ul style="list-style-type: none"> <li>• updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluated the design of the associated controls</li> <li>• evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work</li> <li>• assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation</li> <li>• assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability</li> <li>• tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary</li> <li>• undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report</li> <li>• obtained assurances from the auditor of the South Yorkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.</li> </ul>	<p>Our work identified that the figures provided on investment return in the actuary reports were based on asset valuations as at 31 January 2020. As part of the South Yorkshire Pension Fund (SYPF) final accounts process, SYPF revised the investment return percentage based on the final fund valuation as at 31 March 2020. This exercise resulted a decrease in investment return of 0.63% which in turn had an overall impact of increasing the net pension liability by £7.4m. Management amended the financial statements for this matter in the final version of the accounts.</p> <p>Further to our discussions with the Council's actuary, we obtained confirmation that the actuary had already made allowances in terms of the impact on the McCloud judgement on their 31 March 2020 actuary report. In terms of Goodwin judgement (a pensions discriminatory legal case), the actuary confirmed the maximum impact would be a c0.1% increase of the pension liability which amounts to less c£0.5m. This was not deemed material and we did not request any adjustment to the financial statements in relation to this matter.</p> <p>Our review of the assurance letter from the South Yorkshire Pension Fund auditor noted that the valuation report for directly held properties of the Pension Fund included a material uncertainty over the pension fund valuation due to Covid-19. Following discussions with officers, the Council expanded its disclosure to include this material uncertainty in its financial statements.</p> <p>We included an emphasis of matter paragraph in our audit report in respect of the uncertainty over valuations of the Council's share of the Pension Fund's directly held property investments given the Coronavirus pandemic. This does not affect our opinion that the statements give a true and fair view of the Council's financial position and its income and expenditure for the year.</p>

# Audit of the Financial Statements

## Significant Audit Risks continued

Risks identified in our Audit Plan	How we responded to the risk	Findings and conclusions
<p><b>Implementation of a new Payroll system (iTrent)</b></p> <p>The Council implemented a new Payroll system, iTrent from 1 June 2019. Based on our knowledge and experience, iTrent payroll systems are used by other local authorities similar in size and scale to the Council.</p> <p>The payroll system is a major financial process that generates a large volume and value of transactions and is central to producing materially accurate payroll payments and the resulting payroll figure in the financial statements.</p> <p>Local authority accounting transactions can be complex and are typically significant in volume. The Authority employs over 5,000 employees and their salaries and pension payments are paid through its payroll system. In 2018-19, over £221m employee benefit expenses were processed and paid through Authority's payroll system. This is c33% (one third) of Authority's total expenditure in 2018-19.</p> <p>Update for 2019-20: The draft 2019-20 accounts presented for audit, show a total of £205m of employee benefit expenses processed through the payroll system. This accounts for c31% of total expenses of the Council for 2019-20 as disclosed in note 1b.</p> <p>Accuracy and completeness of data migration from an old to a new system is paramount for transparent financial reporting. This is considered more important when the system in question processes significant amount of transactions and accounts for nearly one third of Council's total expenditure. There is an inherent risk that things could go wrong in data migration from one system to another due to human and technological errors.</p> <p>We considered this is a risk requiring special audit consideration for our 2019-20 audit.</p>	<p>As part of our work, we:</p> <ul style="list-style-type: none"><li>reviewed management arrangements and understanding of the processes and controls in place to ensure successful migration of data from the old payroll system to the new iTrent system as at 1 June 2019</li><li>through engaging our IT specialists, undertaken work to determine whether adequate controls for new system have been established to ensure that the new system was appropriately authorised, tested, approved before implementation</li><li>through our IT specialists, undertook a review to establish how the new system was configured / access allocated and other IT general controls implemented over it to appropriately manage IT risks</li><li>examined the opening balances as at 1 July 2019 to confirm these have been completely and accurately brought forward from the old payroll system to iTrent.</li></ul>	<p>There were no issues arising from our work which we needed to bring to your attention.</p>

# Audit of the Financial Statements

## **Audit opinion**

We issued an unqualified opinion on the Council's financial statements on 4 December 2020.

## **Preparation of the financial statements**

The Council presented us with draft financial statements for audit on 31 July 2020, one month before the revised deadline of 31 August 2020. It also provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit despite the challenges arising from Covid-19. This ensured the audit progressed in a very efficient manner and we would like to thank the finance team and other relevant officers for their engagement in the 2019-20 audit process.

## **Issues arising from the audit of the financial statements**

We reported the key issues from our audit to the Council's Audit Committee on 24 November 2020.

In addition to the key audit risks and findings reported earlier in this report, our work identified some immaterial disclosure misstatements which were not adjusted in the financial statements. We reported these as unadjusted misstatements in our Audit Finding Report. Importantly, these unadjusted items were not material and therefore had no impact on our audit opinion which we issued on 4 December 2020.

## **Annual Governance Statement and Narrative Report**

We are also required to review the Council's Annual Governance Statement and Narrative Report.

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

## **Whole of Government Accounts (WGA)**

We are currently undertaking work in line with instructions provided by the NAO. Once this work is complete, we expect to issue an assurance statement for the group auditor.

## **Certificate of closure of the audit**

We are unable to certify at this time that we have completed the audit of the financial statements of Rotherham Metropolitan Borough Council. This is because we have yet to complete work on the Council's Whole of Government Accounts consolidation return. Once completed, we will be able to certify that we have completed the audit of the Council's financial statements in accordance with the requirements of the Code of Audit Practice.

### 3. Value for Money conclusion

#### **Background**

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in April 2020 which specified the criterion for auditors to evaluate:

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

#### **Key findings**

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

The risks we identified and the work we performed are set out overleaf.

As part of our Audit Findings report agreed with the Council in November 2020, we agreed two recommendations to address our findings.

#### **Overall Value for Money conclusion**

We are satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020.

# Value for Money conclusion

## Value for Money Risks

Risks identified in our Audit Plan	How we responded to the risk	Findings and conclusions (as reported in our Audit Findings Report (ISA 260) – November 2020)
<p><b>Financial standing - delivery of 2019-20 budget and savings plan</b></p> <p>For 2019-20, the Authority was planning to deliver a balanced outturn position but to achieve this, needed to deliver savings of some £7.7m whilst continuing to manage cost and demand pressures within Children's Services, Adult Social care, DSG and other vital services for the local population.</p> <p>The Month 7 Financial Monitoring Report presented to Cabinet indicated the Authority was projecting an overall general fund overspend of £4.1m at the year end. The main reasons for this were continuing pressures on social care services and timing issues with the delivery of budget savings which were taking longer than anticipated to be achieved in full. The Council had £3.2m of the budget contingency reserve remaining and continued to work to identify further mitigating budget savings and cost reductions in order to maintain a balanced budget position at the year end</p>	<p>As part of our work we:</p> <ul style="list-style-type: none"> <li>• reviewed key financial and operational documents including final outturn report for 2019-20</li> <li>• continued to monitor the Authority's current and medium term financial position through regular meetings with senior management</li> <li>• reviewed the financial reports to the Cabinet detailing impact on COVID-19 to the Council's budget for 2020-21.</li> <li>• Reviewed updated MTFS (capturing COVID-19 impact) which was presented to the Cabinet in November 2020</li> </ul>	<p><b>2019-20:</b></p> <ul style="list-style-type: none"> <li>• As reported to the Cabinet in July 2020, the Council delivered the 2019-20 budget. The final outturn for 2019-20 was a balanced budget which required £1.2m of Corporate Reserves. The use of reserves was £2m less than initially budgeted figure of £3.2m. As a result, £2m of Corporate Reserves will now be carried forward to be used in future budget requirements. There were overspends on Children's and Young People's budget (£4.4m), Adult Care Housing and Public Health (£0.7m), Regeneration and environment (£2.5m). These were compensated by underspends on Central services (£5.6m) and other Directorates by £0.8m, resulting in a requirement of £1.2m of the corporate budget contingency reserve.</li> <li>• The Council's total usable reserves (capital and revenue) decreased by £9.3m during the year from £107.8m in 2018-19 to £98.4m. Total General Fund earmarked reserves increased from £38.1m from 2018-19 to £49.3m . The main contributor for this is increase was £15.2m Covid-19 grant funding which was received in March 2020 and now earmarked for Covid-19 related responses in the future. However, the DSG reserve deficit increased by £4.7m from £15.1m to £19.8m and more reporting on the DSG deficit is covered at page 22 of this report.</li> <li>• The Council delivered part of its 2019-20 savings target of £7.7m, in achieving the balanced budget in 2019-20 under challenging circumstances.</li> <li>• As reported to the Cabinet in July 2020, the Council's General Fund minimum balance has now been increased to £20.7m as of 31 March 2020 from £16.8m at the previous year end. This general fund reserve is to mitigate against future significant financial impacts adversely affecting the Council.</li> <li>• Overall, the Council delivered the 2019-20 budget despite challenging financial pressures and the increasing demands on social care in the year.</li> </ul>

# Value for Money conclusion

## Value for Money Risks

Risks identified in our Audit Plan	How we responded to the risk	Findings and conclusions (as reported in our Audit Findings Report (ISA 260) – November 2020)
<b>Financial standing - delivery of 2019-20 budget and savings plan – continued</b>	See page 13	<p><b>2020-21:</b></p> <ul style="list-style-type: none"><li>The Covid-19 pandemic has had a considerable impact on the Council from March 2020. Whilst the additional costs have not had a significant impact on the financial outturn for 2019-20 given the pandemic started to impact from mid-March, the scale of the impact is being felt during 2020-21</li><li>According to the latest data return submission to MHCLG, which was made in early October covering 6 months up to end of 30 September 2020, it estimated a gross overall impact of Covid-19 for 2020-21 to be £26.7m. This is derived from additional costs of £11.7m, £6.8m of non delivery of savings due to Covid-19 and £8.2m of income losses up to the 6 months period.</li><li>This £26.7m impact is reduced by £18.9m Covid-19 support grants received from the Government plus further income loss compensation funding received to date of £2.5m to date, leaving a net pressure of £5.3m purely due to Covid-19 financial pressures. However, the budget monitoring report to Cabinet for the same 6 months (up to 30 September 2020) indicates an overspend budget at the year end of 2020-21 of £2.3m . The £3m difference is a net impact of all other non Covid related underspends and overspends forecasted by the year end.</li><li>There are two further periods of grant claims under the COVID-19 income loss compensation scheme in the second half of the 2020-21 from October 2020 to March 2021. Taking these into account, the Council deems it reasonable to anticipate that these further claims and subsequent payments of grant will cover the remaining £2.3m forecast overspend and therefore the financial year-end position will be a broadly balanced budget outturn. Our review has noted that this is not an unreasonable assumption.</li><li>Further management actions in 2020-21 continue to be identified with the clear aim of bringing expenditure into line with budgets. This includes careful scrutiny of expenditure and monitoring and tracking of savings. Other reviews to identify alternative mitigations continue-for the remainder of the financial year to help the Council through the pandemic.</li><li>Considering these plans, the availability of specific budget contingency reserves of £2m not called upon in 2019-20 (see previous page) and loss of income compensation claims from October 2020 to March 2021, the Council is in a position to deal with the Covid-19 pandemic impact in 2020-21. This is without the need for any requirement to draw on further funding requests from MHCLG (for example capitalisation orders) or the need to set an emergency budget</li></ul>

# Value for Money conclusion

## Value for Money Risks

Risks identified in our Audit Plan	How we responded to the risk	Findings and conclusions (as reported in our Audit Findings Report (ISA 260) – November 2020)
<b>Financial standing - delivery of 2019-20 budget and savings plan – continued</b>	See page 13	<p><b>2021-22 and 2022-23:</b></p> <ul style="list-style-type: none"><li>The updated MTFS covering 2021-22 and 2022-2023 was presented to the Cabinet on 23 November. We have considered the revised MTFS which incorporates the impact of Covid-19. The MTFS update is a interim review and it will be further reviewed in advance of the Council's Budget setting meeting in March 2021 to take account of the Local Government Finance Settlement for 2021-22 when issued.</li><li>The updated MTFS shows that a balanced budget can be maintained for 2021-22. The two year MTFS includes achievement of £30m savings requirement which was set in 2019. The 2021-22 budget includes £8.5m treasury management savings and utilisation of £4m budget contingency budget and £2m budget contingency reserve carried forward from 2019-20 as indicated on page 14. The GF and earmarked reserves at end of 2020-21 and 2021-22 are currently projected at £37.9m and £35.7m respectively. At this stage, a funding gap of £7.6m is anticipated for 2022-23. Further review will be conducted in March 2021 when funding mechanisms and Covid-19 impacts are more clearer than now as at November 2020.</li></ul> <p><b>Conclusion</b></p> <p>The Council operates under significant financial pressures, however, it continues to have arrangements in place to routinely monitor its budget and take appropriate action to mitigate against any significant variances or additional calls on resources.</p> <p>The Covid-19 pandemic has had a significant impact on the Council from mid March 2020, with additional costs to support operational services, lost income, and implications of potential reduced council tax and business rates payments.</p> <p>The Council continues to manage its financial position and is dealing with the impact of Covid-19. The Council has not had to contemplate an emergency budget to offset the impact of Covid and has plans in place to deal with the expected cost of Covid.</p> <p>The impact of Covid-19 for 2019-20 was limited given its impact commenced during March 2020. The net impact for 2020-21 has been estimated by the Council at £5.3m.</p> <p>We therefore concluded that there are appropriate arrangements in place for sustainable resource deployment. This supported our 'clean' unqualified VFM conclusion.</p>

# Value for Money conclusion

## Value for Money Risks continued

Risks identified in our Audit Plan	How we responded to the risk	Findings and conclusions (as reported in our Audit Findings Report (ISA 260) – November 2020)
<p><b>Dedicated School Grant (DSG) deficit position and recovery plan</b></p> <p>The DSG reserve was materially in deficit at £15.1m as at 31 March 2019. During the previous two years (2016-17 and 2017-18), the DSG deficit had increased by c10m.</p> <p>DSG net expenditure continues to be a challenging service area for the Council in 2019-20 and for the foreseeable future. The Council set a 3 year recovery plan at the end of 2018-19 to reduce the rate of deficit increase from £15.1m in 2018-19 to £17.6m in 2021-22 (a £2.5m increase over 3 year period).</p> <p>The forecast at the end of October 2019 indicated an in-year pressure of £3.3m which may increase the deficit to £18.4m at the year end against a planned deficit of £16.5m for 2019-20. The main pressures are linked to alternative provision, high cost external residential and independent sector placements.</p> <p>As part of our Value for Money arrangements work we will continue to consider the Council's arrangements in place to achieve the DSG recovery plan, other contingency plans and accounting for the DSG deficit in line with relevant guidance available.</p>	<p>As part of our work we:</p> <ul style="list-style-type: none"> <li>• Reviewed the annual DSG expenditure for 2019-20 as part of the overall financial performance and 2019-20 outturn report</li> <li>• Continued to monitor the Authority's current and medium term DSG position through regular meetings with senior management</li> <li>• Reviewed Cabinet reports around DSG performance</li> <li>• Reviewed Audit Committee Reports around DSG performance and recovery planning going forward</li> <li>• Reviewed the latest NAO guidance on DSG deficits and applied that to Council's circumstances</li> <li>• Reviewed the latest DSG recovery plan presented to the School's Forum in September 2020</li> <li>• Reviewed the accounting and reporting of the DSG deficit in the financial statements</li> </ul>	<p><b>2019-20 outturn</b></p> <ul style="list-style-type: none"> <li>• The outturn position on the DSG reserve was a deficit of £19.9m. This was over £3m above the agreed plan for 2019-20, which was a planned £16.5m deficit.</li> <li>• As part of our 2019-20 work, we conducted detail discussions with senior management on a regular basis regarding the DSG deficit position in order to understand the reasons behind the increase in the deficit.</li> <li>• During recent years Rotherham has faced growing pressure on the High Needs Budget (HNB) which has resulted in year on year deficits. In 2015-16 the HNB in-year deficit was £1m, in the subsequent three years the annual HNB deficit has been £5m, with a further deficit in 2019-20 of £4.6m. This has been a major contributing factor in the reported DSG deficit reserve of £19.9m.</li> <li>• The over spend is as a result of a number of factors; an increase in Education Health and Care Plans, increase in the number of over 16 young people with an Education Health and Care Plans (EHCP) who are now the responsibility of the LA to fund (potentially until they are age 25) and an increase in the number of young people accessing higher cost provision. The DSG deficit recovery plan is predominantly linked to resolving the budget pressures in the HNB.</li> <li>• As part of the short term strategy to address the annual pressures, a disapplication request was submitted to the Secretary of State to transfer £2.9m from the Schools Block to the High Needs Block in 2020-21. This request was approved by Education and Skills Funding Agency (ESFA).</li> <li>• The Government's spending review announced additional funding for schools and high needs. Compared to 2019-20 funding, this will rise by £2.6 billion for 2020-21, £4.8 billion for 2021-22 and £7.1 billion for 2022-23. In 2020/21 the £2.6 billion is split £1.9 billion to the Schools Block and £0.7 billion to the High Needs Block. For Rotherham this is an additional £6.2m for schools and £4.8m in the High Needs Block for the 2020-21 financial year. This will help the 2020-21 DSG budget and spending pressures to an extent.</li> <li>• We have seen regular updates to the Audit Committee and the Cabinet on the DSG reserve and performance against the Council's plan throughout 2019-20. This was one of our key recommendations from our 2018-19 audit and it is pleasing to see this implemented</li> </ul>

# Value for Money conclusion

## Value for Money Risks continued

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions (as reported in our Audit Findings Report (ISA 260) – November 2020)
Dedicated School Grant (DSG) deficit position and recovery plan – continued	See page 16	<p><b>Updated Guidance for auditors from the NAO – September 2020:</b></p> <ul style="list-style-type: none"><li>The NAO in its regulatory role provides guidance for public sector auditors and details auditor's responsibilities in relation to the work required on the VFM conclusion. The latest NAO guidance, issued in September 2020, indicated the following (key messages) in respect of material deficit DSG reserves:</li><li>New regulations from 2020-21 mean that when setting budgets for 2020-21 onwards, material cumulative DSG deficits no longer have a direct impact on the general fund, as the DSG reserve cannot be funded from it without explicit permission from the Secretary of State. So, while the general fund position relative to the DSG deficit may be a concern as at 31 March 2020, it will not be a relevant consideration from 1 April 2020.</li><li>Therefore, the existence of a material negative DSG reserve (which is the case for Rotherham at £19.9m as at 31 March 2020) is of itself not relevant to the 2019-20 VFM arrangements conclusion in terms of arrangements for sustainable resource deployment over the medium term.</li><li>Instead, the NAO guidance notes the VFM arrangements conclusion considerations for DSG in 2019-20 should include a focus on the following and any other matters that the auditor deems relevant. Therefore we have assessed the Council's material DSG deficit against the four criteria set out by the NAO guidance. This forms the key part of our VFM conclusion on the Council's DSG deficit.</li></ul> <p><b>(1) Has the body demonstrated engagement with DfE in respect of its DSG deficit and what are the actions arising from these discussion?</b></p> <ul style="list-style-type: none"><li>Our work indicates that the Council continues to engage with the ESFA and discuss these matters. As indicated at page 22, actions are then reported to the Cabinet, Audit Committee and the School's forum on Council's plans to control the increasing deficit. The disapplication request which was discussed and agreed by the Secretary of State to transfer £2.9m from the Schools Block to the High Needs Block in 2020-21 was a result of these engagements. Our discussions with senior management and review of papers and associated discussions at Audit Committee also highlighted the commitment of management to address this issue.</li><li>This criteria is sufficiently met by the Council's arrangements.</li></ul>

# Value for Money conclusion

## Value for Money Risks continued

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions (as reported in our Audit Findings Report (ISA 260) – November 2020)
Dedicated School Grant (DSG) deficit position and recovery plan – continued	See page 16	<p><b>(2) Does the authority have a deficit recovery plan based on reasonable assumptions?</b></p> <ul style="list-style-type: none"><li>The latest recovery plan was produced and presented to the School's Forum in September 2020. The DSG deficit is currently forecasting to increase by £420k in 2020-21 leading to a forecast closing deficit of £20.3m for 2020-21. In headline terms, the current working assumption for 2020-21 is that if the Council is successful in securing a further 1.5% movement between blocks on disapplication in 2021-22, then the deficit forecast would reduce by around £1.5m in the following financial year (2021-22).</li><li>In terms of the HNB, where the deficit was £4.63m in 2019-20, there is a recovery plan to reduce this in the next three years with a deficit of £508k in 2020-21, a surplus of £781k in 21-22 and further surpluses in 22-23 and 23-24 years after Schools Block Transfers.</li><li>At this time last year, the Council was projecting a planned £16.5m DSG deficit as at 31 March 2020, however, actually delivered a £19.9m outturn - missing the target by £3.4m. Therefore there are some reservations in terms of meeting the NAO's criteria on this question, albeit the Council has continued to update the recovery plan based on its best assumptions.</li><li>This criteria is partially met by the Council's arrangements.</li></ul> <p><b>(3) Where deficits are continuing to grow, does the authority understand why? Is there evidence of a correlation between increasing demand and the rising costs?</b></p> <ul style="list-style-type: none"><li>There is a very clear understanding of why the deficit has grown over the last four years which is due to HNB demand. Review of the Council's reporting of this issue and our discussions with senior management indicates the Council has a very clear understanding why this has increased at Rotherham.</li><li>The Rotherham District has had historic and well publicised Child Sexual Exploitation cases, culminating in the Jay report and subsequent Operation Stovewood. Special needs children and child welfare is a key priority for the Council over the last five years and continues to be. We covered this area in detail in last year's VFM conclusion and is undoubtedly a factor in why significant costs within the HNB have occurred.</li></ul> <p><b>(4) Do Members fully understand the position, risks and actions being taken?</b></p> <ul style="list-style-type: none"><li>The Council's DSG deficit position has been a standard agenda item during our routine liaison meetings with senior management throughout 2019-20 and to date. These discussions have also indicated management has a sound understanding of the local issues, reasons behind HNB budget challenges and actions to be taken to reduce that.</li><li>Importantly, management has reported and updated the Cabinet and Audit Committee members throughout the 2019-20 year regarding the DSG deficit. As indicated in going concern section, there is monthly reporting to the Cabinet on budget monitoring and these financial performance reports include an item on the DSG deficit. In addition, the annual 2019-20 outturn report to the Cabinet, presented in July 2020, summarises DSG performance including the High Needs Block budget pressures and actions.</li><li>This criteria is sufficiently met by the Council's arrangements.</li></ul>

# Value for Money conclusion

## Value for Money Risks continued

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions (as reported in our Audit Findings Report (ISA 260) – November 2020)
Dedicated School Grant (DSG) deficit position and recovery plan – continued	See page 16	<p><b>Summary:</b></p> <ul style="list-style-type: none"><li>Before reaching our conclusion, it should be noted that the Council did not achieve its deficit DSG reduction plan set in July 2019 for 2019-20. As indicated, the overall deficit target was £16.5m as at 31 March 2020 but the actual deficit was £19.9m, missing the target by £3.4m. Were it not for the new guidance from the NAO issued in September 2020, our conclusion could have ultimately been somewhat different.</li><li>We acknowledge this is a ring fenced specific grant and it must be used in support of the schools budget as defined in the School and Early Years Finance (England) (No 2) Regulations 2018. In accordance with current Government policy, this deficit can be carried forward to be addressed in future years and only be used for schools budget and cannot be netted off against any other general fund reserves. (see Appendix C, page 30).</li><li>On the basis that three of the four NAO criteria are met and one partially met, we proposed a 'clean' unqualified VFM conclusion on this issue. Given the material deficit position of the DSG reserve, the audit team had to present our findings to the Firm's national VFM consistency Panel. The Panel considered our submission and agreed with our proposed conclusion on this issue.</li><li>Notwithstanding the unqualified VFM conclusion on the DSG deficit reserve, the Council should continue to ensure the revised DSG plans:<ul style="list-style-type: none"><li>- continue to be closely monitored</li><li>- prompt action is taken on any variations from plan, particularly in respect of any changes to the financial performance of the HNB</li><li>- regular engagement with DfE is maintained along with the ESFA and the schools forum</li><li>- are regularly reported to Cabinet, Audit and Scrutiny committees as appropriate, ensuring Members are kept informed of key developments on reducing the material DSG deficit.</li></ul></li></ul> <p><b>Conclusion</b></p> <p>The Council did not achieve its deficit reduction plan set in July 2019 for 2019-20. The overall deficit target was £16.5m as at 31 March 2020 but the actual deficit was £19.9m, missing the target by £3.4m.</p> <p>However, the NAO issued further guidance to public sector auditors in September 2020, when considering material DSG deficits.</p> <p>Having considered the NAO guidance covering the four criteria specified, our view was that our VFM conclusion should be unqualified in relation to the DSG deficit as at 31 March 2020.</p>

# A. Reports issued and fees

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

## Reports issued

Report	Date issued
Audit Plan	January 2020
Audit Findings (ISA260) Report	November 2020
Annual Audit Letter	January 2021

## Fees 2019-20

	Planned fees £	Actual fees £	2018-19 Actual fees £	2017-18 Actual fees KPMG £
PSAA scale fee	108,438	108,438	108,438	140,828
Audit fee variations (see page 21)	*20,850	**40,000	9,000	-
<b>Total proposed fees</b>	<b>129,288</b>	<b>148,438</b>	<b>117,438</b>	<b>140,828</b>

## Audit fee variation

As outlined in our audit plan, the 2019-20 scale fee published by PSAA of £108,438 assumes that the scope of the audit does not significantly change. There are a number of areas where the scope of the audit has changed, which has led to additional work. This was reported in our Audit Plan dated 24 January 2020 and has been updated to reflect the actual outturn as summarised on page 21 of this report.

## Audit fee variation – continued

Our Audit Plan included a fee variation for £22,850 to take into account the additional audit work to be performed in relation to PPE, pensions and key areas of estimate and judgement. Over the past ten months the current Covid-19 pandemic has had a significant impact on all of our lives, both at work and at home. The impact of Covid-19 on the audit of the financial statements for 2019-20 has been multifaceted. This includes:

- Revisiting planning - we have needed to revisit our planning and refresh risk assessments, materiality and testing levels. This has resulted in the identification of a significant risk at the financial statements level in respect of Covid-19 necessitating the issuing of an addendum to our original audit plan as well as additional work on areas such as going concern and disclosures in accordance with IAS1 particularly in respect to material uncertainties.
- Management's assumptions and estimates - there is increased uncertainty over many estimates including property, pension and other investment valuations. Many of these valuations are impacted by the reduction in economic activity and we are required to understand and challenge the assumptions applied by management. We included an Emphasis of Matter in the Audit Report in respect of the material uncertainty on property values and the Council's proportion of investment properties from the South Yorkshire Pension Fund.
- Financial resilience assessment – we have been required to consider the financial resilience of audited bodies. This has increased the amount of work that we need to undertake on the sustainable resource deployment element of the VFM criteria necessitating enhanced and more detailed reporting in our ISA260. In addition, our work on the DSG deficit as a significant VFM risk (reported at pages 16-19) included a considerable amount of additional work than originally planned, including two presentations to our national VFM panel, before we reached our conclusion.

We have been discussing this issue with PSAA over the last few months and note these issues are similar to those experienced in the commercial sector and NHS. In both sectors there has been a recognition that audits will take longer with commercial audit deadlines also being extended by 4 months and NHS deadlines by a month. The FRC has also issued guidance to companies and auditors setting out its expectation that audit standards remain high and of additional work needed across all audits. The link attached <https://www.frc.org.uk/covid-19-guidance-and-advice> (see guidance for auditors) sets out the expectations of the FRC.

As a result of the above, increased costs have been incurred due to the additional time taken to deliver the audit this year. We have discussed the likelihood of an additional fee variation with the S151 Officer, noting an expected variation of 15% of the above planned fee, taking the proposed fee to £148,438. Please note that all proposed additional fee variations are subject to approval by PSAA in line with the Terms of Appointment.

# A. Reports issued and fees – continued

Area	Reason	Planned variation £	Actual variation £
Pensions – IAS 19	<p>The Financial Reporting Council has highlighted that the quality of work by audit firms in respect of IAS 19 needs to improve across local government audits. Accordingly, we have increased the level of scope and coverage in respect of IAS 19 this year to reflect this.</p> <p>Our work increased in this area during the audit as we considered the impact of:</p> <ul style="list-style-type: none"> <li>• The McCloud and Goodwin judgements</li> <li>• The change in valuation from 31 January to 31 March</li> <li>• The findings arising from the Pension Fund auditor and the impact of this on our audit</li> <li>• Meetings with the Actuary to discuss their valuations</li> </ul> <p>This culminated in an emphasis of matter in our audit opinion in relation to the valuation of the Council's share of the SYPF investment properties.</p>	3,500	10,000
PPE Valuation – work of experts	<p>As above, the Financial Reporting Council has highlighted that auditors need to improve the quality of work on PPE valuations across the sector. We increased the volume and scope of our audit work to reflect this including the use of a valuation expert. This culminated in an emphasis of matter in our audit opinion in relation the valuation of the Council's land and buildings as a result of the impact of Covid.</p>	9,350	15,000
Increased challenge and depth of work on accounts and VFM conclusion	<p>To meet the higher threshold set by the FRC, we have undertaken additional work and challenge in the following areas, including:</p> <ul style="list-style-type: none"> <li>• information provided by the entity (IPE) (increased risk given challenges of remote working)</li> <li>• journals</li> <li>• management review of controls</li> <li>• accounting estimates</li> <li>• going concern</li> <li>• related parties and similar areas</li> <li>• detailed financial resilience review as part of our VFM work.</li> <li>• detailed work was performed on the DSG deficit to inform our VFM conclusion, including a number of meetings with the Council and internal deliberations at a senior level within Grant Thornton</li> </ul>	5,000	10,000
Reduction in Materiality	<p>A reduction in materiality from 1.8% of the benchmark (gross expenditure in cost of services) to 1.5% - reflecting additional areas to audit and sample testing requirements, resulting from a lower level of materiality and a greater level of scrutiny and assurance</p>	3,000	3,000
Covid-19	<p>Additional staffing costs associated with the impact of Covid-19 amounted to some £10,000 but we have absorbed 80% of this and propose an additional £2,000.</p>	0	2,000
Overall fee variation	See table on page 20	*20,850	**40,000

# A. Reports issued and fees - continued

Non-audit fees for other services	Fee £
<b>Audit Related Services:</b>	
Housing Benefit Subsidy return 2019-20 **	19,000 [TBC work ongoing]
s14 Children and Young People Grant from DfE – expenditure certification	5,000 (agreed and completed)
DfT grant on Local Transport Plan Major Project	4,000 [TBC work ongoing]
<b>Non-Audit Related Services:</b>	
None	-

## NOTE:

*\*\* The £19,000 is the base fee for Housing Benefit Subsidy certification. For each 40+ testing workbook undertaken:*

*£2,200 – where the work is completed by the Council and re-performed by Grant Thornton*

*£4,400 – where the work is undertaken by Grant Thornton*

## Non- audit services

- For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The table alongside summarises all non-audit services which were identified.
- We have considered whether non-audit services might be perceived as a threat to our independence as the Council's auditor and have ensured that appropriate safeguards are put in place.

The above non-audit services are consistent with the Council's policy on the allotment of non-audit work to your auditor.



**Public Report**

**Audit Committee**

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**Committee Name and Date of Committee Meeting:**

Audit Committee – 19<sup>th</sup> January 2021

**Report title:**

External inspections, reviews and audits update

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

No

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

Jo Brown – Assistant Chief Executive

**Report Author(s):**

Tanya Lound, Corporate Improvement and Risk Officer

Simon Dennis, Corporate Improvement and Risk Manager

**Ward(s) Affected:**

All

**Report Summary:**

In line with the Audit Committee terms of reference, the purpose of this report is to provide details of the recent external inspections, reviews and audits and assurance that outstanding recommendations, relating to those that have taken place previously, are being progressed.

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

**Recommendations:**

That Audit Committee:

- Note the recent external inspections, reviews and audits which have taken place and the progress made in implementing the recommendations since the last report in August 2020
- Note the governance arrangements that are currently in place for monitoring and managing the recommendations
- Continue to receive regular reports.

**List of Appendices Included:**

None

**Background Papers**

External audit and inspection recommendations report to Audit Committee on 18<sup>th</sup> June 2019, 26<sup>th</sup> November 2019 and 18<sup>th</sup> August 2020.

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

None

**Council Approval Required**

No

**Exempt from the Press and Public**

No

## **External audits, inspections and reviews update**

### **1. Background**

- 1.1 In line with the Audit Committee terms of reference, the purpose of this report is to provide details of the recent external inspections, reviews and audits across the Council and assurance that outstanding recommendations, relating to those that have taken place previously, are being progressed.
- 1.2 The last report was presented to Audit Committee on 18<sup>th</sup> August 2020. The report was originally scheduled to be presented to Audit Committee in June 2020 however, this was delayed due to the reallocation of resources to respond to the Covid-19 crisis. The report referred to:
  - Seven external inspections, reviews and audits that had taken place since 26<sup>th</sup> November 2019 resulting in three recommendations, all of which had been implemented
  - Seven ongoing recommendations in relation to external inspections, reviews and audits that took place prior to November 2019 which had been implemented, 15 which remained outstanding/ongoing and one which did not require implementation.

### **2. Key issues**

- 2.1 This report provides an overview of key areas of concern relating to external inspections, reviews and audits, including action taken/to be taken and the associated governance arrangements. This is intended to provide the Audit Committee with assurance that appropriate arrangements are in place for managing the Council's response, in line with the Audit Committee's responsibilities.
- 2.2 Since 18<sup>th</sup> August 2020 five external inspections, reviews and audits have taken place and 11 recommendations made, two of which have been implemented and nine which remain outstanding/ongoing. The outcome is not yet known for two of the external audits conducted.
- 2.3 In addition, three of the ongoing recommendations relating to external inspections, reviews and audits that took place prior to August 2020 have now been implemented, 11 remain outstanding/ongoing and one is still awaiting the final report.
- 2.4 An update from each Directorate is provided below.

### **3. Children and Young People's Services**

- 3.1 Two inspections have taken place since the last report and 11 recommendations have been made. Further details are provided below, see paragraph 3.5 and 3.6.
- 3.2 In relation to outstanding recommendations concerning external inspections, reviews and audits that took place prior to August 2020, none of the

recommendations have been implemented since the last report and five remain outstanding.

- 3.3 The five outstanding recommendations relate to the Ofsted Focused Visit (focussed on permanence planning and achieving permanence) conducted in March 2019 and the Troubled Families review in June 2019.
- 3.4 The table below provides a summary of new external inspections, reviews and audits.

<b><u>New</u> external inspections reviews and audits</b>					
<b>Title</b>	<b>Date</b>	<b>Outcome</b>	<b>Number of recommendations</b>	<b>Number implemented</b>	<b>Status</b>
Focused visit to Rotherham children's services (Ofsted)	20 – 22 <sup>nd</sup> October 2020	No formal overall outcome from the inspection. A letter providing 4 recommendations has been published.  It was however noted that Rotherham children's services have reacted rapidly and effectively to the COVID-19 pandemic in the early months of 2020.	4, these included: <ul style="list-style-type: none"><li>• The quality and monitoring of children's plans</li><li>• Placement sufficiency to reduce the need for children to be placed out of authority and in unregistered provision</li><li>• The timeliness of children in care accessing education</li><li>• The timely return to full-time education for children with SEND.</li></ul>	0	<b>4 recs ongoing</b>  Actions to address findings are in progress and being incorporated into the CYPS Service Development Plan.  Progress will be discussed and challenged as part of the arrangements for the CYPS quality assurance process and discussed with Ofsted as part of Annual Conversations.
Youth Offending Service Inspection (HMIP)	14 – 17 <sup>th</sup> September 2020	The RMBC YOT (Youth Offending Team) received an overall rating of 'Requires Improvement'.  A report, detailing the findings and recommendations was published on the 17 <sup>th</sup> December 2020.	5, these included: <ul style="list-style-type: none"><li>• Board members to understand the specific needs of children known to the YOT and advocate on their behalf in their own agencies</li><li>• Partnership to understand the reasons for the significant number of Looked After Children known to the YOT and review policies and practices of all agencies to minimise the possibility of children entering the criminal justice system unnecessarily</li><li>• Undertake comprehensive health needs</li></ul>	0	<b>5 recs outstanding (action planning is in progress)</b>  Draft inspection action plan developed by the partners at the YOT Board on 14th December 2020 and there is a YOT Board scheduled for the 20th January 2021 to progress the actions.  Required to submit action plan to the HMIP on the 11th January 2021.  In addition, actions to address findings will be incorporated into the CYPS Service

			<p>analysis of YOT children to better understand the health provision being delivered and what needs to be developed</p> <ul style="list-style-type: none"> <li>• Review the quality and accessibility of education, training and employment provision for post-16-year-old children known to the service</li> <li>• Review the quality of risk of harm work and improve the effectiveness of management oversight in all cases.</li> </ul>		<p>Development Plan.</p> <p>Progress will be discussed and challenged as part of the arrangements for the CYPS quality assurance process and discussed with Ofsted as part of Annual Conversations.</p>
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### 3.5 Focused visit to Rotherham children's services (Ofsted)

3.5.1 A virtual focussed visit was conducted by Ofsted between 20<sup>th</sup> and 22<sup>nd</sup> October. The visit looked at the quality and impact of key decision-making across help and protection, children in care and services for care leavers, together with the impact of leadership on service development.

3.5.2 The findings were published on 4<sup>th</sup> December [Ofsted | Rotherham Metropolitan Borough Council](#).

3.5.3 The report overview stated:

- Children' services had reacted rapidly and effectively during the pandemic in the early months of 2020.
- Strong effective, multi-agency partnerships enabled early identification of vulnerable children.
- Dynamic assessments of covid risks enabled children to be seen when safe to do so. Detailed children's assessments enabled proportionate decisions to be reached, ensuring that families receive an appropriate level of support and the voice of the child a strength. However, quality of plans not always consistent.
- Effective pre-proceedings planning enables children to remain living with brothers, sisters or extended family where possible.
- Shortage of local authority placements for children in care which means significant proportion of children live out of authority. In addition, some live-in unregistered placements. Recognised by senior leaders and sufficiency strategy in place to extend placements.
- Good partnership working with schools has supported children's learning when they have not been in school due to the pandemic. However, some delays in children accessing education when they move placements. In addition, some children with special educational needs and/or disabilities (SEND) remain on part-time timetables for too long. This is recognised by senior leaders, and a specialist post has been created to support these children back into full-time education.

3.5.4 Within the report four recommendations were made regarding areas which required improvement, these included:

- The quality and monitoring of children's plans.
- Placement sufficiency to reduce the need for children to be placed out of authority and in unregistered provision.
- The timeliness of children in care accessing education.
- The timely return to full-time education for children with SEND.

3.5.5 Actions to address each of the findings are in progress and are being incorporated into the CYPS Service Development Plan. Progress will be discussed and challenged as part of the arrangements for the CYPS quality assurance process and discussed with Ofsted as part of the annual conversations.

### 3.6 Youth Services Inspection (HMIP)

3.6.1 A virtual inspection was conducted by HMIP between 14<sup>th</sup> and 17<sup>th</sup> September. The visit looked at the quality and impact of key decision-making across 3 domains: organisational delivery of services; the planning and delivery of court disposals; and the planning and delivery of out-of-court disposals.

3.6.2 The findings were published on 17<sup>th</sup> December. The inspectorate found that the service, overall 'requires improvement'. <https://www.justiceinspectorates.gov.uk/hmipprobation/inspections/rotherhamyot/>

3.6.3 The report overview stated:

- The team needs to do much more in terms of their leadership, service provision, and joint working.
- In post-court cases the quality of desistance work and child safety was outstanding. The staffing of the team, their information sharing, and facilities are rated as 'Good'. There is a commitment to arrangements between the YOT (Youth Offending Team) and adult probation services, as well as encouraging work in developing the services they offer to children.
- In addressing the specific needs of each child, the service is losing ground. For example, there is a lack of understanding around the trauma a child may have experienced.
- Staff are motivated and engage well with the children under their supervision.

3.5.4 Within the report five recommendations were made regarding areas which required improvement, these included:

- Ensure that Board members understand the specific needs of children known to the YOT and advocate on their behalf in their own agencies.
- Ensure the partnership understands the reasons for the significant number of Looked After Children known to the YOT and reviews the

policies and practices of all agencies to minimise the possibility of children entering the criminal justice system unnecessarily.

- Undertake a comprehensive health needs analysis of YOT children to better understand the health provision being delivered and what needs to be developed.
- Review the quality and accessibility of education, training and employment provision for post-16-year-old children known to the service.
- Review the quality of risk of harm work and improve the effectiveness of management oversight in all cases.

3.5.5 Actions to address each of the findings are in progress and are being incorporated into the CYPS Service Development Plan. Progress will be discussed and challenged as part of the arrangements for the CYPS quality assurance process and discussed with Ofsted as part of the annual conversations.

3.7 The table below provides a summary of ongoing recommendations in relation to external inspections, reviews and audits that took place prior to August 2020.

<b><u>Ongoing</u></b> external inspections reviews and audits ( <i>those reported previously which had outstanding recommendations</i> )						
Title	Date	Outcome	Recommendations	Implemented:		Status
				At last report	Since last report	
Inspection of Local Authority Children's Services (ILACS) Framework - Focus on permanence planning and achieving permanence (Ofsted)	March 2019	Looked after children in Rotherham are receiving a "strong" service that has significantly improved	<p>3, these include:</p> <ul style="list-style-type: none"> <li>• The quality and consistency of written planning, so that it matches up to social workers' verbal accounts of their plans</li> <li>• Sufficiency of in-house options, to avoid the use of unregulated placements when finding places for children in care to live</li> <li>• Quality of Risk assessments, where risk has potential implications for stability in the lives of children in care.</li> </ul>	0	0	<p><b>3 recs outstanding</b></p> <p>Actions progressed to address the recommendations, however work paused due to Covid-19 to enable key staff to focus on safeguarding and supporting our families.</p> <p>Planning to complete the work in the final quarter of 2020/21.</p> <p>Progress is managed via the CYPS Service Development Plan and challenged as part of the CYPS quality assurance process. Discussions also take place with Ofsted as part of Annual Conversations.</p>

Troubled Families <i>(Ministry of Housing, Communities and Local Government)</i>	July 2019	Feedback extremely positive and 6 recommendations made, which included a recommendation to enhance systems.	6, these include: <ul style="list-style-type: none"> <li>• Reference (hyperlink) our key plans STMM in the EH maturity matrix and action plan</li> <li>• Align better Troubled Families data with the Corporate Context</li> <li>• Review how quality assurance and family feedback data feeds informs commissioning</li> <li>• Case study of positive employment outcome as a direct result of Troubled Families engagement.</li> <li>• Review the strategic engagement with the Job Centre Plus</li> <li>• Re-instate the attachment of families.</li> </ul>	4	0	<b>Partially complete (4 complete and 2 outgoing)</b>  Ongoing recommendations include: <ul style="list-style-type: none"> <li>• Align better Troubled Families data with the Corporate Context</li> <li>• Review the strategic engagement with the Job Centre Plus</li> </ul> See update below (paragraph 3.8) re the progress made in relation to the outstanding recommendations.
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### **3.8 Troubled Families (*Ministry of Housing, Communities and Local Government*)**

3.8.1 Some progress has been made in relation to the ongoing Troubled Families spot check recommendations, including:

- Align better Troubled Families data with the Corporate Context.

Early Help System Guide and Data Maturity Matrix developed. Final versions will be submitted to Ministry of Housing, Communities and Local Government (MHCLG) in December 2020.

In addition, a dataset and associated reports are being developed to bring together partnership data to provide a single view of a child/family for use by practitioners. Relevant reports from this data will be incorporated in the JSNA.

- Review the strategic engagement with the Job Centre Plus.

Following the Spending Review in November 2020 Department for Work and Pensions confirmed plans to continue to fund the Troubled Families Employment Advisor role as part of MHCLG's wider Troubled Families programme until at least March 2022. Development of the legacy role now needs to be incorporated into the partnership work of the Early Help Steering Group, informed by the Early Help System Guide.

#### 4. Adult Care, Housing and Public Health

- 4.1 No new external inspections have taken place since the last report.
- 4.2 In relation to outstanding recommendations concerning external inspections, reviews and audits that took place prior to August 2020, one has now been fully implemented and one remains outstanding.
- 4.3 The recommendation implemented related to South Yorkshire Fire and Rescue Service - Fire Risk Assessment Audit regarding Hampstead Green. All works now complete, signed off and certified. Alarm and sounders expanded, and reconfigured March 2020 and sprinklers and tanks fitted August 2020.
- 4.4 The one outstanding recommendation relates to the CQC inspection of Parkhill Lodge (Adult Social Care) and the medium-term plan to look for alternative premises.
- 4.5 The table below provides a summary of the ongoing recommendations in relation to external inspections, reviews and audits that took place prior to August 2020.

<b><u>Ongoing</u></b> external inspections reviews and audits reported previously ( <i>those reported previously which had outstanding recommendations</i> )						
Title	Date	Outcome	Recommendations	Implemented:	Status	
				At last report	Since last report	
Rotherham Adult Social Care Peer Review Self-assessment (Yorkshire and Humber ADASS)	12 <sup>th</sup> – 14 <sup>th</sup> February 2020	Awaiting final report.  Evident to the Peer Review Team that much careful work has been done in co-producing the new model with staff and partners, and that this has paid off in the effective engagement with the new model.	No recommendations made but identified 3 areas for consideration focussed around: <ul style="list-style-type: none"><li>• Confidence of staff and managers (Sustainability, capacity and conscious competence)</li><li>• Culture change (Success, customise culture change and dynamic learning)</li><li>• Practice Assurance (Culture, carers and eligibility and hand offs)</li></ul>	n/a	n/a	Awaiting final report.  3 areas for consideration included in draft feedback.  Considerations pulled into an action plan in August and fed into a formal Pathway Review exercise.  Governed via the Perform+ Framework owned by the Senior Management Team of Adult Care and integration.  See further update below, paragraph 4.6.

Adult Social Care – Inspection of Parkhill Lodge (CQC)	24 <sup>th</sup> January 2018	Good overall rating, with good individual ratings within all sub-categories of Safe; Effective; Caring; Responsive. Well-led category - requires improvement	2	1	0	<b>Partially complete</b> (1 complete and 1 outstanding)  The outstanding recommendation relates to external works to the building.  Medium term plan for Parkhill Lodge is to look for alternative premises. - Consultation not yet finalised and residents temporarily moved location to Lord Hardy Court due to impact of Covid. Longer term decision to be made January 2021.  See further update below, paragraph 4.7.
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#### 4.6 Rotherham Adult Social Care Peer Review Self-assessment

- 4.6.1 The self-assessment took place on 12<sup>th</sup> – 14<sup>th</sup> February 2020 conducted by Yorkshire and Humber ADASS. The purpose of the peer review was to review the new Adult Social Care Pathway which has been in place since October 2019 and stimulate a discussion about how Adult Social Care and its partners can become more effective in improving outcomes.
- 4.6.2 A draft report has been received, initial feedback was positive and identified some areas to reflect on over the next 12 months. Feedback included:
- Careful work has been done in co-producing the new model with staff and partners, and that this has paid off in the effective engagement with the new model.
  - Still early days, but the ‘green shoots’ of new ways of working are definitely showing.
  - ASC are in the enviable position of having already implemented huge changes and having a good understanding of the next steps to further embed these.
- 4.6.3 There were no recommendations made, however three areas for consideration were identified:

- Confidence of staff and managers (Sustainability, capacity and conscious competence).
- Culture change (Success, customise culture change and dynamic learning).
- Practice Assurance (Culture, carers and eligibility and hand offs).

4.6.4 The final report is still awaited and has been delayed due to the COVID-19 outbreak.

4.6.5 An action plan was produced in August and fed into a formal Pathway Review exercise. Progress is governed via the Perform+ Framework owned by the Senior Management Team of Adult Care and integration.

#### **4.7 Adult Social Care – Inspection of Parkhill Lodge (CQC)**

4.7.1 Work continues to resolve long term plans for Parkhill Lodge and residents but have not yet reached the consultation phase. However, the residents of Parkhill were temporarily moved on 22<sup>nd</sup> October 2020 to Lord Hardy Court due to a Covid outbreak. The layout of the Parkhill building and lack of en-suite facilities was not supporting infection control and compounded with staff absence due to either being Covid positive or self-isolating. A decision was made for residents to be temporarily moved. The residents will remain at Lord Hardy Court until after the new year, at which point further decisions regarding the support of residents and the longer-term plans for Parkhill Lodge will be made. The Adult Social Care Directorate Leadership Team are responsible for overseeing implementation.

### **5. Regeneration and Environment Services**

5.1 There are no new external inspections, reviews or audits relating to Regeneration and Environment Services to report.

5.2 In relation to outstanding recommendations concerning external inspections, reviews and audits that took place prior to August 2020, three recommendations have been implemented since the last report and five remain outstanding. These all relate to the Libraries Peer Challenge.

5.3 The table below provides a summary of ongoing recommendations in relation to external inspections, reviews and audits that took place prior to August 2020.

<b>Ongoing</b> external inspections reviews and audits ( <i>those reported previously which had outstanding recommendations</i> )						
<b>Title</b>	<b>Date</b>	<b>Outcome</b>	<b>Recommendations</b>	<b>Implemented:</b>		<b>Status</b>
				<b>At last report</b>	<b>Since last report</b>	
Libraries Peer Challenge <i>(Local Government Association)</i>	19th-20th June 2019	<ul style="list-style-type: none"> <li>• Libraries in Rotherham valued asset</li> <li>• Enthusiasm and recognition of the role libraries could play in delivering the wider council objectives within community</li> <li>• Strong political commitment</li> <li>• Impressed by the managers, staff and volunteers met with</li> <li>• Vision but not a shared vision and was not always clearly visible to staff and wider partners</li> </ul>	<p>9, these include:</p> <ul style="list-style-type: none"> <li>• Library strategy; service review</li> <li>• Internal review of what is taking place at each location; its success</li> <li>• Resolve where staff time is split between customer service roles and library service roles</li> <li>• Engage staff on the development of the vision</li> <li>• New challenging targets</li> <li>• Opportunities to work more with partners locally, regionally and nationally</li> <li>• More effective use of volunteers</li> <li>• Engage young people in volunteering</li> <li>• Potential for different, innovative library asset designs</li> </ul>	1	3	<b>Partially complete</b> (4 rec implemented; 2 in progress; 3 recs outstanding) <p>4 complete:</p> <ul style="list-style-type: none"> <li>• Library strategy approved</li> <li>• Engaged with staff to develop a new vision</li> <li>• Set new targets</li> <li>• Looked at opportunities to work more with partners locally, regionally and nationally.</li> </ul> <p>Actions linked to recommendations 8 and 9 are in progress; the outcome of a funding bid to support library redevelopment is awaited.</p> <p>Action plan developed for all remaining recommendations. Implementation has been delayed due to the Covid-19 response.</p>

## 6. Finance and Customer Services

- 6.1 Three new audits have taken place since the last report and two recommendations have been made and completed.
- 6.2 There were no ongoing recommendations relating to external inspections, reviews and audits that took place prior to August 2020.
- 6.3 The table below provides an overall summary of new external inspections, reviews and audits.

<b>New external inspections reviews and audits</b>					
Title	Date	Outcome	Recommendations	Number Implemented	Status
External Auditor's Report on the Accounts 2019/2020 ( <i>Grant Thornton</i> )	August - November 2020	Clean audit	2, these include: <ul style="list-style-type: none"> <li>• Closely monitor DSG deficit reduction Plan</li> <li>• Continue to update budget setting/projections</li> </ul>	2	<b>Complete</b>  Both recommendations complete, although continuous assessment and monitoring in relation to the recommendations will remain ongoing.  See further details below, paragraph 6.4.
External Audit of Teachers Pensions ( <i>KPMG</i> )	November	Awaiting report	Unknown	Unknown	Awaiting final report
External Audit of Housing Benefits ( <i>Grant Thornton</i> )	November – December	Ongoing audit	Unknown	Unknown	Ongoing audit, awaiting final report

#### **6.4 External Auditor's Report on the Accounts 2019/2020 (Grant Thornton)**

- 6.4.1 Authorities are required to prepare financial statements in accordance with the relevant accounting standards and the Code of Practice on Local Authority Accounting.
- 6.4.2 Grant Thornton were provided with the Council's draft 2019-20 statement of accounts on 31 July 2020, ahead of the revised 31 August 2020 deadline and the audit work was completed remotely throughout the period from September to December 2020.
- 6.4.3 The feedback provided on 4<sup>th</sup> December stated that the auditors were satisfied that the authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.
- 6.4.4 Within the report two recommendations were made and have been completed, these included:
- Closely monitor Dedicated Schools Grant deficit reduction plan.
  - Continue to update budget setting/projections.

## 7. Assistant Chief Executive

- 7.1 There are no new external inspections, reviews or audits relating to the Assistant Chief Executive's Directorate to report.
- 7.2 In relation to outstanding recommendations concerning external inspections, reviews and audits that took place prior to August 2020, feedback has now been received regarding the review of the Big Hearts, Big Changes programme.
- 7.3 The table below provides a summary of ongoing recommendations in relation to external inspections, reviews and audits that took place prior to August 2020.

<b><u>Ongoing</u></b> external inspections reviews and audits ( <i>those reported previously which had outstanding recommendations</i> )						
<b>Title</b>	<b>Date</b>	<b>Outcome</b>	<b>Recommendations</b>	<b>Implemented:</b>		<b>Status</b>
				<b>At last report</b>	<b>Since last report</b>	
Review of the Big Hearts, Big Changes Programme (LGA)	21 <sup>st</sup> – 22 <sup>nd</sup> July 2020	This was a remote peer support review, rather than an inspection and there were no recommendations made.	None, however the key reflections report included 16 areas for consideration and five early next steps.	n/a	n/a	No formal recommendations.  This was a remote peer support review, rather than an inspection and there were no recommendations made.  See further update below, paragraph 7.4.

### 7.4 Review of the Big Hearts, Big Changes Programme (LGA)

- 7.4.1 A review of the Big Hearts, Big Changes programme took place on 21<sup>st</sup> – 22<sup>nd</sup> July, conducted by the LGA. The purpose of the review was to assess the progress made to date and provide an external perspective on the direction of the programme.
- 7.4.2 This was a remote peer support review, rather than an inspection and there were no recommendations made. The key reflections report provided did however include 16 areas for consideration and five early next steps. These included:
- Follow this with an initial discussion with senior members to start to explore the strategic questions posed above about the next 3 years.
  - Explore the learning from other places which have taken a similar outcome based approach and have applied comparable transformation principles. The LGA can assist in both identifying these places and brokering this support (some early potential examples discussed on site include North Lincolnshire, Oldham and Southend-on-Sea).

- Use these insights to have further, wider internal then external discussions about the strategic questions posed above and any implications of this.
- The LGA can then offer a follow-up discussion with the Council and Principal Adviser to map out other support the Council can draw on in making the changes you have started to identify.
- An opportunity (as requested by the CEX on site) to then have a 6 month follow up, to feedback on the progress made.

- 7.4.3 Following the review, it has been agreed that the Council should align the strategic vision (The Year Ahead Plan), the Medium Term Financial Strategy and commissioning intentions and that the role of the Big Hearts, Big Changes board should become less about processes and more about the outcomes the Council is seeking to achieve for residents.
- 7.4.4 Big Hearts, Big Changes board meetings will resume in the New Year when the new Assistant Chief Executive assumes their post. This board will be responsible for overseeing the areas of consideration outlined within the report.

## **8. Options considered and recommended proposal**

- 8.1 Audit Committee to note the recent external inspections, reviews and audits which have taken place and the progress made in implementing the recommendations since the last report in August 2020.
- 8.2 Audit Committee to note the governance arrangements that are currently in place for monitoring and managing the recommendations.
- 8.2 Audit Committee to continue to receive regular reports in relation to external inspections, reviews and audits and the progress made.

## **9. Consultation on proposal**

- 9.1 Not applicable to this report.

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

- 10.1 The timescales for each recommendation varies and further details are included within the report above.
- 10.2 The next report will be presented to Audit Committee in June 2021.

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

- 11.1 There are no financial and procurement implications.

## **12. Legal Advice and Implications**

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

**13. Human Resources Advice and Implications**

13.1 There are no Human Resources implications.

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

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

**15. Equalities and Human Rights Advice and Implications**

15.1 Equality Analyses are undertaken in relation to any new policies or strategies that are developed and work is being undertaken to improve services.

**16. Implications for Partners**

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

**17. Risks and Mitigation**

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

**18. Accountable Officer(s)**

Jo Brown, Assistant Chief Executive

**Approvals Obtained from:-**

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

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



Public Report  
Audit Committee

**Committee Name and Date of Committee Meeting:**

Audit Committee - 19<sup>th</sup> January 2021

**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](mailto: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

<b>Meeting Date</b>	<b>Key Responsibility</b>	<b>Agenda Item</b>	<b>Author</b>
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
	Financial Reporting	Final Accounts Closedown and Accounting Policies	Graham Saxton
	External Audit	External Audit Progress Update	Grant Thornton / Graham Saxton
	Governance Risk and Control	Risk Management Directorate Presentation – Finance and Customer Services	Judith Badger
	Internal Audit	Public Sector Internal Audit Standards	David Webster
	Internal Audit	Internal Audit Quality Assurance and Improvement Plan	David Webster
	Governance Risk and Control	Procurement	Karen Middlebrook
	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

<b>Meeting Date</b>	<b>Key Responsibility</b>	<b>Agenda Item</b>	<b>Author</b>
June 2021	<p>Financial Reporting</p> <p>Governance Risk and Control</p> <p>External Audit</p> <p>Governance Risk and Control</p> <p>Governance Risk and Control</p> <p>Governance Risk and Control</p> <p>Internal Audit / Governance Risk and Control</p> <p>Governance Risk and Control</p> <p>Audit Committee Accountability</p>	<p>Training</p> <p>Draft Statement of Accounts</p> <p>Draft Annual Governance Statement</p> <p>External Audit Progress Update</p> <p>Review of Surveillance and use of Regulation of Investigatory Powers</p> <p>External Audit and Inspection Recommendations</p> <p>Risk Management Annual Report</p> <p>IA Progress Report</p> <p>Risk Management Directorate Presentation – Children and Young Peoples Service</p> <p>Audit Committee Forward Plan</p>	<p>Graham Saxton</p> <p>Judith Badger</p> <p>Grant Thornton / Graham Saxton</p> <p>Bal Nahal</p> <p>Simon Dennis</p> <p>Simon Dennis</p> <p>David Webster</p> <p>Suzanne Joyner</p> <p>David Webster</p>

<b>Meeting Date</b>	<b>Key Responsibility</b>	<b>Agenda Item</b>	<b>Author</b>
July 2021	<p>Financial Reporting</p> <p>Governance Risk and Control</p> <p>Governance Risk and Control</p> <p>Treasury Management</p> <p>Governance Risk and Control</p> <p>Governance Risk and Control</p> <p>Audit Committee Accountability</p> <p>Audit Committee Accountability</p>	<p>Training – Statement of Accounts</p> <p>Final Statement of Accounts</p> <p>Final Annual Governance Statement</p> <p>External Audit report on Accounts</p> <p>Annual Treasury Management</p> <p>Strategic Risk Register</p> <p>Risk Management directorate Presentation – Adult Care Housing and Public Health</p> <p>Audit Committee Annual Report</p> <p>Audit Committee Forward Work Plan</p> <p>Private meeting</p>	<p>Graham Saxton</p> <p>Judith Badger</p> <p>Grant Thornton / Graham Saxton</p> <p>Graham Saxton</p> <p>Simon Dennis</p> <p>Anne Marie Lubanski</p> <p>David Webster</p> <p>David Webster</p>

<b>Meeting Date</b>	<b>Key Responsibility</b>	<b>Agenda Item</b>	<b>Author</b>
September 2021	External Audit Internal Audit Internal Audit / Governance Risk and Control Governance Risk and Control Governance Risk and Control Governance Risk and Control Audit Committee Accountability	Training External Audit Annual Letter IA Charter review and update IA Progress Report Information Governance Annual Report Risk Management Directorate Presentation – Assistant Chief Executive Anti-Fraud and Corruption Policy and Strategy review and update Audit Committee Forward Work Plan	Grant Thornton / Graham Saxton David Webster David Webster Paul Vessey Assistant Chief Executive David Webster David Webster

<b>Meeting Date</b>	<b>Key Responsibility</b>	<b>Agenda Item</b>	<b>Author</b>
24 November 2020	Financial Reporting	Training – Code of Corporate Governance	
	Governance Risk and Control	Final Statement of Accounts	Graham Saxton
	Financial Reporting	Final AGS	Judith Badger
	Governance / Risk and Control	External Audit report on the Accounts	Grant Thornton / Graham Saxton
	Treasury Management	External Audit and Inspection recommendations	Simon Dennis
	Governance Risk and Control	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
	Internal Audit / Governance Risk and Control	Risk Management Directorate Presentation – Regeneration and Environment	Paul Woodcock
	Financial Reporting	IA Progress Report	David Webster
	Audit Committee Accountability	Updates to Financial Procedures	Graham Saxton
		Audit Committee Forward Work Plan	David Webster

<b>Meeting Date</b>	<b>Key Responsibility</b>	<b>Agenda Item</b>	<b>Author</b>
January 2022	Financial Reporting	Training Final Accounts closedown and accounting policies	Graham Saxton
	External Audit	Accounts Audit Plan	Grant Thornton / Graham Saxton
	Governance Risk and Control	Corporate Risk Register	Simon Dennis
	Governance Risk and Control	External Audit and Inspection recommendations	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

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