

AUDIT COMMITTEE

- Date and Time :-** Tuesday 28 June 2022 at 2.00 p.m.
- Venue:-** Rotherham Town Hall, Moorgate Street, Rotherham. S60 2TH.
- Membership:-** Councillor Baker-Rogers (Chair); Councillors Cowen (Vice-Chair), Mills, Wooding and Wyatt
- 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. Minutes of the previous meetings held on 15th March and 12th April, 2022 (Pages 3 - 17)

To consider and approve the minutes of the previous meetings held on 15th March and 12th April, 2022, as a true and correct record of the proceedings.

3. Declarations of Interest

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

4. 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.

5. Exclusion of the Press and Public

The following item is exempt from the press and public:-

Agenda Item 14 Adult Social Care and Public Health Directorate Risk Register (Exempt under Paragraph 3 (Financial Information) of Part 1 of Schedule 12(A))

Therefore, when considering these items, the Chair will move the following resolution:-

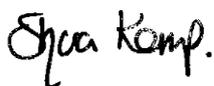
That under Section 100(A) 4 of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 1 and 2 of Part 1 of Schedule 12(A) of such Act indicated, as now amended by the Local Government (Access to Information) (Variation) Order 2006 (information relating to any individual and which is likely to reveal the identity of an individual)

6. **Risk Management Annual Summary 2021-22 (Pages 19 - 27)**
7. **Internal Audit Annual Report 2021-22 (Pages 29 - 47)**
8. **Internal Audit Progress Report (Pages 49 - 65)**
9. **Audit Committee Annual Report 2021-22 (Pages 67 - 80)**
10. **Audit Committee Forward Plan (Pages 81 - 89)**
11. **Adult Care, Housing and Public Health (ACPH) Directorate Risk Register (Pages 91 - 102)**
12. **Items for Referral for Scrutiny**

To consider the referral of matters for consideration by the Overview and Scrutiny Management Board.
13. **Urgent Business**

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

The next meeting of the Audit Committee will be held on Thursday, 28th July, 2022, commencing at 2.00 p.m. in Rotherham Town Hall.



SHARON KEMP,
Chief Executive.

AUDIT COMMITTEE
15th March, 2022

Present:- Councillor Baker-Rogers (Chair); Councillors Cowen and Wyatt together with John Barber (Independent Person).

Gareth Mills (Grant Thornton), joined the meeting by telephone.

An apology for absence was received from Councillor Mills.

80. DECLARATIONS OF INTEREST

There were no Declarations of Interest to report.

81. QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS

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

82. MINUTES OF THE PREVIOUS MEETING HELD ON 11TH JANUARY, 2022

Consideration was given to the minutes of the previous meeting of the Audit Committee held on 11th January, 2022.

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

83. ANNUAL REPORT - VALUE FOR MONEY

Gareth Mills, Grant Thornton, gave an update on the present position with regard to External Audit:-

- The Housing Benefit Grant certification work had now concluded, signed off and submitted
- The draft 2021 Value for Money report had been produced and shared with the Council's Finance Team the key message being that overall it was a positive report for the Council. The final report would be submitted to a special meeting of the Committee where it would be considered in detail
- The 2021/22 audit planning work would start later in the month/early April with a view to commencing the audit in the Summer working towards a 30th November, 2022 completion

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

AUDIT COMMITTEE – 15/03/22

- It had been hoped to submit the 2021/22 Audit Plan to this meeting, however, the company's priorities had had to be refocussed due to a number of local authority accounts not being finalised as well as finalising the Value for Money work
- It was anticipated that the Audit Plan would be issued in early May and submitted to the June meeting
- Grant Thornton was confident of achieving the 30th November deadline
- It was understood that there would be a 3 month gap between the signing off of accounts and finalising Value for Money work, however, Grant Thornton was looking to significantly reduce that gap
- The Value for Money work was a more wide ranging review than previously under the old Code which involved people outside of the core Finance Team in order to gain an understanding of the wider management arrangements

Resolved:- That the update be noted.

84. 2022 ANNUAL PROCUREMENT UPDATE

Karen Middlebrook, Head of Procurement, presented an update on some of the key activity delivered in the last 12 months by the Procurement Team to ensure robust procurement activity was undertaken across the Council. The report highlighted:-

- Re-draft of the Procurement Procedure Rules (approved at 29th September, 2021 Council Meeting) which provided the corporate framework setting out the rules/expectations that all officers must comply with when entering into arrangements with third party suppliers
- Since implementation, training sessions had been provided and attended by 179 officers with a further 70 scheduled to receive training before the end of March, 2022
- Work with HR and OD to raise awareness of procurement and the procedures that applied through new starter e-induction activity
- Ongoing work to produce procurement plans for publication on the Council's website to ensure compliance with the National Procurement Policy Statement requirements

It was noted that the ongoing work would put the organisation in a strong position to respond to and embed the changes brought about by Central Government reform, Transforming Public Procurement. This would bring procedural changes to those currently available in law along with further transparency requirements throughout the entire procurement cycle from the identification of need/pre-procurement, through the actual procurement phase and into the management of contractor performance and contract expiry.

Discussion ensued with the following issues clarified:-

- The Team offered advice and support to service users to run their own procurement activity
- Requisitioners could not authorise their own orders
- The new Transforming Public Procurement sought to make the process easier to investigate and included proposals around the way operationally that the Regulations worked and the terminology used
- The Reform was not likely to come into effect until 2023 at the earliest with 6 months lead-in time
- Ongoing discussion with Human Resources regarding refresher training for existing employees
- The changed processes due to the Legislation would not affect suppliers. Where new policies had been brought in, workshops had been held with key suppliers to ensure they understood how to comply with the procurement process. There had also been bidder events part way through a procurement process should an issue arise

Resolved:- (1) That the update be noted.

(2) That a further update be submitted in March, 2023.

85. FINAL ACCOUNTS CLOSEDOWN AND ACCOUNTING POLICIES

Consideration was given to a report presented by Rob Mahon, Head of Service, on the closure of the accounts 2021/22.

The Council had successfully met the 2018/19 timeframes in closing its accounts after the decision to bring forward the timetable for the publication of local authorities' financial statements. However, due to the unprecedented circumstances, the closure of accounts deadlines had been extended for 2019/20, 2020/21 and 2021/22.

It should also be noted that the volume of audit review, challenge and testing that the external auditors now had to carry out also placed additional strain on the Council's resources. The timescales for the publication of the financial statements continued to be extended for the current year as a result of this additional challenge as had been discuss in detail at previous Committees.

The Local Audit and Accountability Act 2014, confers on local electors the right to inspect the accounting records, books, deeds, vouchers, contracts, bills and other documentation relating to the financial year in question. It also gave them the right to question the auditor about the accounting records or make a formal objection on a matter of public interest or because they thought an item of account may be unlawful. Under the Accounts and Audit Regulations 2015, local electors could only exercise their rights of inspection and to question the auditor or make formal objections for a single period of 30 working days commencing the

day after the unaudited accounts had been published. In order for the inspection period to commence, the Annual Governance Statement and Narrative Report (introduced by the Accounts and Audit Regulations 2015) would need to be published alongside the Council's unaudited financial statements on the Council's website. The timetable for preparing the Annual Governance Statement and Narrative Report was, therefore, being co-ordinated with the publication of the draft unaudited Statement of Accounts to meet this requirement.

The report also set out changes to the Local Authority Accounting Framework:-

- Consultation on the possible further delay of implementation of IFRS16. This disclosure, which would see the removal of operational leases, with lessees expected to recognise all leases on their balance sheet as a right of use asset and a liability to make the lease payments, was currently due to be reflected in the accounts for 2021/22. The outcome of the consultation was expected during March, 2022
- Major changes to service delivery that had taken place in 2021/22 will also have a bearing on the financial statements including the continuing effect of schools converting to academies and the impact of Covid-19

The Council's Statement of Accounting Policies (Appendix B) was reviewed and updated where necessary.

The continued implementation delay of IFRS16 was in recognition of the challenge it would present to local authority Finance Teams which would necessitate an intensive documentation gathering exercise to be able to make the transition from operational to financial and the vetting of the new processes to be put in place. Equally it would be a challenge to External Audit Teams at a time when nationally the delivery of audited accounts was behind where it would like to be.

Resolved:- (1) That the key accounting issues and main changes to the accounts in 2021/22, as listed in Appendix A submitted, be noted.

(2) That the Council's revised Account Policies, attached at Appendix B submitted, be noted.

86. CLOSURE OF THE ACCOUNTS 2021/22 - TIMETABLE

Consideration was given to a report presented by Rob Mahon, Head of Service, setting out the timetable for the production of the financial statements which had to be approved by the Audit Committee by 30th September, 2022, based on the revised Regulations to be implemented for the previous 2 years (2020/21 and 2021/22).

The amended Regulations required:-

- Interim audit of the Council's accounts – to be confirmed by Grant Thornton
- Unaudited accounts, Narrative Report and Annual Governance Statement to be submitted to Audit Committee on 28th July, 2022 and published by 31st July, 2022
- Public Inspection of Draft Accounts – 1st-10th August, 2022
- External Audit of the Council's Accounts – August and September, 2022
- Audit Accounts, Narrative Report and Annual Governance Statement submitted to Audit Committee on 27th September and published by 30th September, 2022
- Council's Value for Money Audit completed – to be confirmed by Grant Thornton

Gareth Mills, Grant Thornton, informed the Committee that he was confident of delivery of the audit to the 30th November statutory deadline and the team would be trying to do as much as possible by the end of September. However, there would still be an element of the audit work still ongoing at that point.

Resolved:- That the timetable for the production of the Council's financial statements be noted.

87. INTERNAL AUDIT PROGRESS REPORT FOR THE PERIOD 1ST DECEMBER 2021 TO 28TH FEBRUARY 2022

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 December to 28th February, 2022, and the key issues that had arisen therefrom. The current position of the plan was outlined in Appendix A to the report.

11 audits had been finalised since the last Committee meeting one of which had received Partial Assurance, 5 had received Reasonable Assurance and 5 had received Substantial Assurance as set out in Appendix B to the report.

Internal Audit also carried out unplanned responsive work and investigations into any allegations of fraud, corruption or other irregularity. There had been one report of this type since the last meeting and was summarised in Appendix C.

Internal Audit's performance against a number of indicators was summarised in Appendix D. Target performance for the completion of audits within planned time and feedback from audit clients were achieved with targets for the issue of reports and for chargeable time were almost achieved. As part of the process for producing a Service Plan, targets were being re-examined for the new financial year.

It was noted that there were no outstanding recommendations that had passed their original due date.

Discussion ensued with the following issues raised/clarified:-

- As part of the 2022/23 Audit Plan, as well as tracking any recommendations made, follow up audits would be completed on reviews resulting in Partial or No Assurance to confirm that improvements had been made
- Stretched targets for the Audit Team would be examined for possible inclusion within the 2022/23 Service Plan

Resolved:- (1) That the Internal Audit work undertaken since the last Audit Committee, 1st December, 2021, to 28th February, 2022, and the key issues that have arisen from it be noted.

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

(3) That an update be submitted in due course on the follow up audit for Leavers.

88. INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME (QAIP) AND REVIEW AGAINST PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS)

Consideration was given to a report presented by David Webster, Head of Internal Audit, which detailed how Internal Audit was a major source of assurance to the Council on the framework of control, risk management and governance. It was, therefore, important that it operated in conformance with Public Sector Internal Audit Standards.

The current position against the 2021 Improvement Action Plan was set out in Appendix A of the report submitted. The latest self-assessment had been completed and still showed general conformance with the Standards, however, there were still actions that could be taken to maintain and improve performance.

The outstanding actions related to the use of Computer Aided Audit Techniques and the development of further performance targets within the Team. These would be completed in 2022/23 and did not affect the standard of work carried out.

Discussion ensued with the following issues raised/clarified:-

- As in previous years, specialist IT Audit assistance would be brought in from Salford City Council
- It was the hope to bring in the use of Computer Aided Audit Techniques which provided the ability to interrogate databases and pick up duplicate transactions, names and addresses etc. to enable targeting of those transactions

Resolved:- The production and ongoing implementation of the QAIP based on the internal self-assessment be noted.

89. INTERNAL AUDIT PLAN 2022/23

Consideration was given to the Internal Audit Plan for 2022/23 presented by David Webster, Head of Internal Audit. The report explained Internal Audit's approach to the development of the plan, as well as detailing the specific activities Internal Audit planned to review during the year. It reflected a comprehensive risk assessment process including discussions with Strategic Directors and Assistant Directors to obtain their views of key risks and areas for audit coverage.

It was designed to enable the Head of Internal Audit to give his annual opinion at the end of the year on the adequacy and effectiveness of governance, risk management and the control framework. The Plan would remain flexible and reviewed during the year to ensure it remained relevant.

It was noted that the document had been considered by the Strategic Leadership Team where it had been requested that an audit of complaints be included. It had also not been finalised as yet which ICT audits Salford City Council Internal Audit Service would carry out.

Discussion ensued with the following issues clarified:-

- The number days allocated to each audit was very much an estimate and may increase/decrease once the scoping exercise had taken place
- Directorates appreciated the flexibility to adjust the number of days
- As part of the Internal Audit opinion next year, external reports that had taken place would be included e.g. Ofsted
- It was not known how long the requested audit into complaints would take but there were sufficient resources

Resolved:- That the Internal Audit Plan for 2022/23 be approved.

90. AUDIT COMMITTEE FORWARD WORK PLAN

Consideration was given to the proposed forward work plan for the Audit Committee covering the period June, 2022 to March, 2023.

Resolved:- That the Audit Committee forward work plan, as now submitted, be approved.

91. EXCLUSION OF THE PRESS AND PUBLIC

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

92. CHILDREN AND YOUNG PEOPLE'S SERVICES DIRECTORATE RISK REGISTER

Suzy Joyner, Strategic Director, Children and Young People's Services, presented a report providing details of the Risk Register and risk management activity within the Children and Young People's Services Directorate.

She was joined in her presentation by Nathan Heath, Assistant Director, and Dean Fenton, Risk Management Champion.

The Directorate level Risk Register currently had 4 risk items listed of which 2 were included on the Corporate Risk Register:-

- SLT01 (CYPS01) – Keeping children and young people safe from harm
- SLT04 (CYPS02) – Maintaining sustainable improvement in Children's Services with a challenging budget position
- CYPS03 – Ensure the Local Authority was able to fulfil its statutory duty in relation to meeting the needs of Children and Young People with Special Educational Needs and Disability (SEND)
- CYPS04 – Ensure robust and appropriate challenge to schools to ensure Children and Young People benefit from high quality education

A regular scheduled programme of reviewing and updating Service area and Directorate level risk registers was in place across the Directorate. Risks were formally discussed and reviewed by the Directorate Leadership Team (DLT) on a quarterly basis and by individual members of DLT with their Senior Management Teams on a monthly basis.

As part of the ongoing programme to embed Risk Management into the working culture of the Council, M4, M3, M2 and M1 Managers within Children and Young People's Services had either already attended the mandatory risk management training for managers workshop or were scheduled to attend upcoming workshops in the event of new starters in line with the latest round of training. In addition, 6 CYPS officers had successfully completed the 2 days Institute of Risk Management accredited training course.

Discussion ensued with the following issues raised:-

- Possible reduction of risk rating in the future
- Consideration of percentage scores rather than whole numbers to demonstrate improvement
- What processes were in place to manage the risks associated with the possible influx of children from the Ukraine due to present day events and ensuring their needs were met

Resolved:- (1) That the progress and current position in relation to risk management activity in the Children and Young People's Services Directorate, as detailed in the report now submitted, be noted.

(2) That an update be submitted in 6 months on the current position with regards to the Ukrainian crisis.

93. ITEMS FOR REFERRAL FOR SCRUTINY

There were no items for referral.

94. URGENT BUSINESS

There was no urgent business to consider.

95. DATE AND TIMES OF FUTURE MEETINGS

Resolved:- That meetings of the Audit Committee be held as follows:-

Tuesday	28 th June, 2022
Thursday	28 th July
Tuesday	27 th September
	29 th November
	10 th January, 2023
	14 th March

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AUDIT COMMITTEE
12th April, 2022

Present:- Councillor Baker-Rogers (in the Chair); Councillors Cowen, Mills, Wooding and Wyatt.

Gareth Mills (Grant Thornton External Auditors) was in attendance.

An apology for absence was received from John Barber (Independent Person).

96. DECLARATIONS OF INTEREST

There were no declarations of interest made at the meeting.

97. MATTERS OF URGENCY

There were no matters of urgency to be considered.

98. EXCLUSION OF THE PRESS AND PUBLIC

It was noted that Minute No. 102 (Local Government Ombudsman Confidential Report B) will be considered in the closed part of the meeting.

99. GRANT THORNTON - VALUE FOR MONEY

Gareth Mills, Grant Thornton, presented the external auditor's 2020-21 annual report for Value for Money (VFM). Under the National Audit Office Code of Practice, external auditors were now required to consider whether the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors now reported in more detail on the Authority's overall arrangements as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Grant Thornton had identified risks in respect of:-

Financial Sustainability

- The Authority had maintained a steady financial position which had improved in the past 2 years.

One possible risk of significant weakness identified at planning stage (risk covered in detail in the 2020-21 Audit Findings Report)

Conclusion

- Overall, they were satisfied the Council had appropriate arrangements in place to ensure it managed risks to its financial sustainability
- They had not identified any risks of significant weaknesses
- They had identified one improvement recommendation in respect of the clarity of reporting the Council's savings programme

Governance

- No significant weaknesses in arrangements identified but improvement recommendations made

Conclusion

- They had not identified any significant weaknesses in respect of the Council's governance arrangements
- Overall they were satisfied the Council had appropriate arrangements in place including for budget setting and risk management
- Their work had identified 2 improvement recommendations to further enhance the Council's governance arrangements

Improving economy, efficiency and effectiveness

- One risk of significant weakness identified with an associated key recommendation. Also 2 improvement recommendations made.

Conclusion

- Overall they were satisfied the Council had appropriate arrangements in place in relation to improving economy, efficiency and effectiveness except for arrangements in implementing Special Educational Needs and/or Disabilities (SEND) Reforms as set out in the Children's and Families Act 2014
- Grant Thornton considered there was a significant weakness in these arrangements as highlighted by Ofsted and the CQC in their report in November, 2021
- As a result they had raised a Key recommendation on this
- They had also made 2 improvement recommendations for improving economy, efficiency and effectiveness

Covid-19 Arrangements

Conclusion

- The review had not identified any significant weaknesses in the Council's arrangements in relation to responding to the Covid-19 pandemic

In July 2021, Ofsted and the Care Quality Commission conducted a joint Local Area Special Educational Needs and Disabilities (SEND) inspection of the local SEND system in Rotherham to assess the effectiveness of the area in implementing the Special Educational Needs and/or Disabilities reforms as set out in the Children and Families Act 2014.

The inspection had highlighted some strengths in the Service, however, there were 4 areas for improvement. As a result of these findings, it was the external auditor's view that there was a significant weakness in arrangements in relation to improving economy, efficiency and effectiveness in Rotherham in implementing Special Educational Needs and/or Disabilities reforms as set out in the Children's and Families Act 2014 and the following recommendation made:-

The Council should

- Have a clear "Written Statement of Action (WSOA)" in response to Ofsted and CQC report on joint area SEND inspection which identified significant areas of weaknesses in implementing SEND reforms as set out in the Children and Families Act 2014
- A clear action plan to implement this WSOA working with all stakeholders including parents, carers, the CCG officers, Ofsted and the CQC
- The action plan should be subject to formal monitoring and challenge by the Improving Lives Select Commission

Discussion ensued with the following issues raised/clarified:-

- The Council's reserves position had improved since 2018-19. Benchmarking with similar sized metropolitan authorities had shown Rotherham's reserves level to be lower than others
- Reference had been made to inflationary pressures facing local authorities
- Although the findings of the Ofsted and CQC inspection will have been captured in the respective risk registers, under the terms of the new Value for Money approach an external auditor was duty bound to reference as part of their review and raise a key recommendation. Should the actions required by Ofsted have been implemented/Ofsted visit finding the Council had responded appropriately by the time of the next Value for Money review, it would be reflected accordingly

It was noted that the recommendations regarding procurement arrangements and the latest Procurement Procedure Rules would be included within the six monthly external inspections, reviews, and audits update to enable implementation to be tracked by the Committee.

Resolved:- That the report be noted.

100. ADULT SOCIAL CARE LOCAL GOVERNMENT OMBUDSMAN REPORT

Ian Spicer, Strategic Director of Adult Care, Housing and Public Health, presented a report setting out the Local Government and Social Care Ombudsman findings in relation to a complaint in respect of Adult Social Care Services. Its decision was that there was fault by the Council which had caused injustice to residents Miss X and Mrs. Y.

The Ombudsman report had been made available to the public (in hard copy from Riverside House reception) and 2 public notices placed in local newspapers as directed by the Ombudsman. The Ombudsman had also publicised the report via its own website and advised its media partners.

The Council had 3 months from the date of the Public Interest Report (28th May, 2022) to inform the Ombudsman of the action the Council has taken or proposes to take in response to the recommendations. The report submitted set out the actions that the Council proposes to take for the Committee's consideration.

The Council has agreed to take the action to remedy that injustice. It was noted that an apology had been made to Miss X and Mrs. Y for the distress and uncertainty caused by the faults identified and payments offered in acknowledgement of the significant distress and uncertainty caused by the faults identified.

It was expected that all the recommendations would have been met by the completion date of 28th May, 2022.

The matter was being reported to the Audit Committee to ensure that it was able to discharge its function in ensuring that sufficient systems and improvements (in line with the recommendations from the Ombudsman) have been put in place.

Resolved:- (1) That the Public Interest Report 21 001 468 completed by the Ombudsman be noted.

(2) That the action plan created in response to the recommendations in the Public Interest report be noted.

101. LOCAL GOVERNMENT OMBUDSMAN - CONFIDENTIAL REPORT A

Phil Horsfield, Monitoring Officer, presented a report advising that the Local Government Ombudsman had provided findings in relation to a complaint and had directed that the findings were not made public as doing so would mean identification of the complainant.

Section 30(3) of the Local Government Act 1974 required the Local Government Ombudsman to report without naming or identifying the complainant or other individuals. The LGO had further powers under Section 30(7) of the Act to direct that a report was not made available to members of the public or advertised in the press.

Resolved:- That under Section 100(A)4 of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 1 and 2 of Part 1 of Schedule 12(A) of such Act indicated, as now amended by the Local Government (Access to Information) (Variation) Order 2006.

102. LOCAL GOVERNMENT OMBUDSMAN - CONFIDENTIAL REPORT B

Suzy Joyner, Strategic Director of Children and Young People's Services, presented a report setting out the findings made by the Local Government and Social Care Ombudsman in relation to a complaint in respect of the Council's Children's and Housing Services.

The Council had agreed to take the actions suggested by the Ombudsman and to ensure that the circumstances of the complaint did not recur and apologise to the complainant.

Discussion ensued on the findings of the Local Government and Social Care Ombudsman with full explanations provided for what had led to the complaint and the procedures put in place since to rectify the situation.

Resolved:- (1) That the Public Interest Report, attached at Appendix 1 of the report submitted, completed by the Local Government Ombudsman be noted.

(2) That the completion of the actions arising from the report be noted.

(3) That the Council respond to the Local Government Ombudsman setting out the work that has been completed and that all the actions required have been discharged.

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Committee Name and Date of Committee Meeting

Audit Committee – 28 June 2022

Report Title

Risk Management Annual Summary 2021-2022

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

No

Strategic Director Approving Submission of the Report

Jo Brown, Assistant Chief Executive

Report Author(s)

Simon Dennis (*Corporate Improvement and Risk Manager*)

Assistant Chief Executive's Department

Extension 22114

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Ward(s) Affected

Borough-Wide

Report Summary

This report forms part of the Audit Committee's remit to regularly consider risk management.

The Risk Management Standard, ISO31000, suggests that every organisation produce an annual summary of risk management activity. Following on from our summaries produced for the Audit Committee in recent years, this is our fourth annual summary.

The report aims to summarise the principal risk management activity that has been carried out in Council throughout the past financial year. It covers a wider range of topics than the regular report on the Corporate Strategic Risk Register (which will be presented to the next Committee meeting) and aims to cover both the movements in strategic risks that have occurred over the period and the key elements of the Council's risk management activity throughout the year.

Recommendations

1. The Audit Committee is asked to consider and note the annual summary of risk management activity.

List of Appendices Included

None

Background Papers

Report to Audit Committee; 22nd June 2021 (Annual Risk Management Summary 2020-2021)

Report to Audit Committee; 30th November 2021 (Risk Management Strategy and Policy 2021)

Consideration by any other Council Committee, Scrutiny or Advisory Panel

This paper is not intended to be circulated to other Committees or Panels and is produced solely for the Audit Committee.

Council Approval Required

No

Exempt from the Press and Public

No

Risk Management Annual Summary 2021-2022

1. Background

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

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

1.2 This report aims to summarise the principal risk management activity that has been carried out in Council throughout the past financial year. It also summarises the key movements in Strategic Risks that have occurred over the period.

2. Risk Management Responsibilities

2.1 The Council's Risk Management Policy and Guide states that risk management is the responsibility of all Council officers. This is further set out in section 12.2 of the Policy and Guide where the specific responsibilities of all members and officers are detailed. In particular, all employees are required to:

- Have an understanding of risk and their role in managing risks in their daily activities, including the identification and reporting of risks and opportunities.
- Support and undertake risk management activities as required.
- Attend relevant training courses focussing on risk and risk management.

2.2 As well as the key responsibilities set out in the Policy and Guide, the Council has a group of Risk Champions. Each Directorate has at least one Risk Champion who leads on risk for their Strategic Director. The Risk Champions, Assistant Chief Executive and the Corporate Improvement and Risk Manager form the Risk Champions Group. This group is responsible for co-ordinating risk management across the Council.

2.3 Overall responsibility for risk management rests with the Assistant Chief Executive, with day-to-day responsibility delegated to the Corporate Improvement and Risk Manager. The team working on corporate risk management also includes a "Corporate Improvement and Risk Officer". The team's responsibilities are wider than corporate risk management, but the presence of the additional posts ensures that there is resilience in the Council's risk management activity.

2.4 Throughout the past year there have been Risk Champions in place for the following Directorates and Services:

- Children's and Young People's services
- Regeneration and Environment
- Finance and Customer Services
- Adult Social Care, Housing and Public Health (Housing)
- Adult Social Care, Housing and Public Health (Adult Care)
- Adult Social Care, Housing and Public Health (Public Health)
- Assistant Chief Executive

2.5 In most cases, each Directorate also has a substitute or deputy Risk Champion who can stand in for the primary Risk Champion when required.

2.6 The Risk Champions Group meets bi-monthly and has done so consistently over the past twelve months.

3. Training Summary

3.1 Risk Management training is a fundamental element of the Council's approach to risk management. Following a pause and restart caused by the Pandemic, three core elements of the training programme have mostly restarted. These are:

- A two-hour risk management course for all M2 managers and above. This course is run by the Corporate Improvement and Risk team at least quarterly and more frequently if required
- A two-day risk management training course which is run by an external provider who are accredited by the Institute of Risk Management (IRM). This course is open to all staff but is a requirement for all Risk Champions and their deputies.
- Specific training for elected members in risk management, delivered as part of the member training programme.

3.2 Take up of the M2 manager course is very high, with over 50 managers attending the two courses run so far in 2022 and the remaining courses for the year being close to fully booked.

3.3 The two-day IRM accredited course was run once again in January 2022. Nine staff successfully completed this course and, as a result, have received IRM accreditation following a short assessment and test at the end of the course. Again, the level of take up of this course is very encouraging and it will be run again in early 2023.

3.4 The course for elected members was run on the 22nd February and attended by fifteen members. A recording of this course is held on the member training database for later access.

3.4 Work is currently underway, alongside the HR and OD Service, to develop and relaunch an online training tool in Risk Management for all staff. This is likely to be launched in the autumn of 2022. In addition, Internal Audit have recommended that specific training for Directorate Leadership Teams and SLT is put in place and work is in hand to deliver this by September 2022.

- 3.4 Our training supplier has also made available more tailored online courses that involve specific training on Health and Safety related risks. We are currently discussing with the Health and Safety Team the possibility of taking the offer of some shorted courses focused on specific Health and Safety risks.

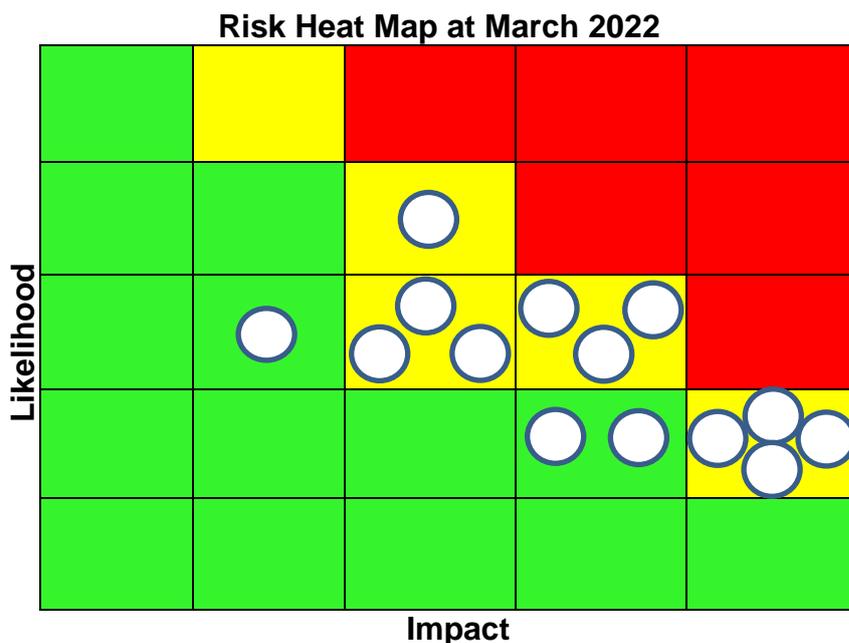
4. Risk Management Process

- 4.1 As set out in the Risk Management Policy and Guide, individual Service Management Teams (SMTs) and Directorate Leadership Teams (DLTs) have reviewed their risk registers in line with the Risk Management Policy and Strategy. Typically, teams review their registers every four to twelve weeks depending on the individual meeting cycle and the significance of the risks they are managing. We aim to achieve the best practice of DLTs considering risk at every meeting, but in a way that is proportionate to the risks being faced by the services in question.
- 4.2 The Corporate Strategic Risk Register has been formally reviewed by Strategic Leadership Team (SLT) both at joint Strategic Leadership Team/Assistant Directors (SLT/AD) Performance Management meetings and at separate SLT meetings. The regular cycle of quarterly reviews has been in place throughout the 2021/22 financial year.
- 4.3 The Corporate Strategic Risk Register is also reported regularly to the Audit Committee alongside the annual “deep dives” of Directorate Risk Registers. Additionally, the Corporate Improvement and Risk Manager, through the Risk Champions, ensures updates are obtained from all risk owners, reviews each update, and draws attention to issues or missing risk register updates.
- 4.4 The programme of Audit Committee risk register for the 2021-22 financial year was completed as planned. A new cycle has been established for the coming year and this means the Audit Committee will once again review all directorate risk registers at least once during the next 12 months.
- 4.5 In addition, the Corporate Improvement and Risk Team has worked with a range of services throughout the Council to provide specific support on risk issues. These have included Health and Safety, Business Continuity and Public Health.
- 4.6 Internal Audit have recently carried out their annual review of Corporate Risk Management. This review focused on the arrangements in place for risk management in the Council throughout the year and specifically, to review whether or not:
- Previously agreed actions have been implemented (avoiding exposure of the Council to avoidable risk).
 - The Council’s Risk Management arrangements reflect the principles of good corporate governance.
 - Corporate risks are aligned with the new Council Plan.
 - Relevant officers & Members have received appropriate Risk Management training.

4.7 Their conclusion was that there was “substantial assurance” that the controls within the Corporate Risk Management system were operating effectively during 2021-2022. This is the highest assurance rating achievable and demonstrates that our risk management process continued to operate effectively.

5. Risk Profile for 2021/2022

5.1 The Audit Committee’s receives reports on the overall status of the Council’s strategic risks. The “heat map” derived from the Corporate Strategic Risk Register’s update at the end of 2021/22 showed the risk profile as seen below.



5.2 The table over the page provides further detail on the individual risks that the Council is facing at a strategic level, along with an indication of the risk movement in the whole of the 2021-22 financial year. The table demonstrates the following:

- The total number of strategic risks remained the same at 14 over the period from January 2021 to March 2022, although one new risk was added, and one removed in this period.
- Of the risks that remain the strategic register, ten have seen a decreasing risk score, two have increased (excluding the new risk) and one has been constant.
- Leaving aside the one new risk, the two risk that have increased since January 2021 relate to partnership working and the potential failure to attract new business to the borough.

5.3 This analysis shows that the Council’s risk profile has reduced significantly, reversing the position from last year which saw a marginal increase. Last year’s increase was caused primarily by the impact of the Covid-19 pandemic. The turnover of risks on the register continues to show that there is an increasing grasp on the key risks that need to be managed at a strategic level. The Audit Committee will receive a separate report at its next meeting on the current Strategic Risk Register position (at July 22) and this is likely to show a continued decrease in the risk profile.

Summary of movement of Corporate Strategic Risks over the past two years

Number	Risk Summary	Jan 20	Jul 20	Jan 21	Apr 21	Sep 21	Mar 22	Risk Movement since Jan 2021
SLT01	Children's Safeguarding	15	15	15	15	10	10	↓
SLT03	Tackling Family Poverty	16	16	16	16	16	12	↓
SLT04	Failure to sustain improvement in children's	15	15	15	15	10	10	↓
SLT07	Influenza Pandemic	15	15	15	15	15	8	↓
SLT08	Failure to enhance community cohesion	12	12	12	8	8	8	↓
SLT09	Confidence in Rotherham	12	12	12	12	12	6	↓
SLT10	Failure to attract new business and investment	9	9	9	12	9	12	↑
SLT11	Partnership working and City Region	10	10	10	10	10	12	↑
SLT16	Financial Plans and budget gap	15	15	15	10	10	10	↓
SLT19	Emergency Planning and Business Continuity	4	4	-	-	-	-	-
SLT22	Mental Capacity Act/DoLs	9	9	9	9	9	9	→
SLT27	Property and Estate condition surveys	10	10	10	12	12	9	↓
SLT34	Impact of EU Trade Deal on the Economy	-	-	16	-	16	-	-
SLT35	Impact of the Covid Pandemic	-	-	20	20	15	10	↓
SLT36	Insufficient resources committed to Carbon Reduction Plan	-	-	16	16	12	12	↓
SLT37	Failure to deliver major projects		-	-	-	9	9	↑

6. Future Developments

- 6.1 As well the work set out in the previous paragraphs, specifically around training, it was intended to carry out further work in the year on the Council's Assurance Framework which is designed to demonstrate how the Council obtains assurance the individual risks are being appropriately managed. This work was not completed before the Covid-19 outbreak occurred and the Corporate Improvement and Risk Manager will work with Internal Audit to ensure an appropriate approach is adopted and that the Council's risk registers provide sufficient evidence to support this process.
- 6.2 The Corporate Risk Management Policy and Guide will also be refreshed in the latter part of 2022, with a revised version presented to the Audit Committee for approval at its November meeting.

7. Options considered and recommended proposal

- 7.1 Not applicable.

8. Consultation

- 8.1 The risks included in this report have been drawn from Directorate Risk Registers and the Strategic risk Register.

9. Timetable and Accountability for Implementing this Decision

- 9.1 Not applicable.

10. Financial and Procurement Implications

- 10.1 The risks contained in the table at section 5.3 require ongoing management action. In some cases, additional resources may be necessary to implement the relevant actions or mitigate risks. Any additional costs associated with the management of these risks will be contained within overall budgets or otherwise reported through the monthly financial monitoring arrangements and to Cabinet if appropriate.

11. Legal Implications

- 11.1 There are no direct legal implications arising from the risk register. Any actions taken by the Council in response to risks identified will consider any specific legal implications.

12. Human Resources Implications

- 12.1 There are no Human Resources implications associated with the proposals.

13. Implications for Children and Young People and Vulnerable Adults

- 13.1 The Strategic Risk Register incorporates the CYPS risks that are of significance at a corporate / strategic level.

14. Equalities and Human Rights Implications

14.1 Proposals for addressing individual risks within the register incorporate equalities and human rights considerations where appropriate.

15. Implications for Partners and Other Directorates

15.1 The actions relating to any issues affecting partners are reflected in the risk register and accompanying risk mitigation action plans.

16. Risks and Mitigation

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

17. Accountable Officer:

Simon Dennis (Corporate Improvement and Risk Manager)

Approvals Obtained from: -

Jo Brown, (Assistant Chief Executive)

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

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Committee Name and Date of Committee Meeting

Audit Committee – 28 June 2022

Report Title

Internal Audit Annual Report 2021-22.

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

No

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director of Finance and Customer Services

Report Author(s)

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

Ward(s) Affected

Borough-Wide

Report Summary

This report provides information on the role of Internal Audit; the work completed during 2021-22 and highlights the key issues that have arisen from it. It provides the overall opinion of the Head of Internal Audit on the adequacy of the Council's control environment, risk management and governance. It also provides information regarding the performance of the Internal Audit function during 2021-22.

Based upon internal audit work undertaken and taking into account other internal and external assurance processes it has been possible to complete an assessment of the Council's overall control environment. In the opinion of the Head of Internal Audit, Rotherham Metropolitan Borough Council had overall an adequate and effective framework of governance, risk management and control during 2021-22.

Recommendations

The Audit Committee is asked to:

1. Note the Internal Audit work undertaken during the financial year 2021-22 and the key issues that have arisen from it.
2. Note the overall opinion of the Head of Internal Audit on the adequacy and effectiveness of the framework of governance, risk management and control within the Council.

List of Appendices Included

Appendix 1 Internal Audit Annual Report 2021-22.

Background Papers

UK Public Sector Internal Audit Standards.
Local Government Application Note.

Accounts and Audit (England) Regulations 2015.

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

Council Approval Required
No

Exempt from the Press and Public
No

Internal Audit Annual Report 2021-22.

1. Background

- 1.1 Internal Audit produced a risk based Annual Audit Plan in accordance with the UK Public Sector Internal Audit Standards (PSIAS). This was received by the Audit Committee at its meeting in March 2021. The Plan was regularly reviewed and monitored during the year so that it provided sufficient coverage of the key risks facing the Council.
- 1.2 During the year the Audit Committee received periodic updates on the work of Internal Audit and a summary of the key issues that arose. This annual report is a final summary of Internal Audit activity.
- 1.3 The report is attached at **Appendix 1** and includes the following information:
 - Legislative requirements and Professional Standards
 - The Head of Internal Audit's annual opinion on the control framework, risk management and governance
 - Resources and audit coverage during the year
 - Summary of audit work undertaken during 2021-22, including both planned and responsive / investigatory work
 - Summary of other evidence taken into account for control environment opinion
 - Summary of audit opinions and recommendations made
 - Internal Audit performance indicators

2. Key Issues

- 2.1 The Head of Internal Audit's opinion is that there was overall an adequate and effective framework of governance, risk management and control during the majority of the year.
- 2.2 The emergency measures implemented in response to Covid-19 continued during the year. Standards of governance and control were maintained with risk management being utilised to help manage the response.
- 2.3 We did not issue any No Assurance audit opinions during the year. We gave an opinion of Partial Assurance in four areas subject to audit. None of these were considered serious enough for inclusion in the Annual Governance Statement.
- 2.4 We can confirm that action plans have been agreed with management in respect of all final audit reports issued.
- 2.5 Some time was spent at the start of the year supporting the Finance department in processing applications for Business Support Grants, but this only totalled 23 days. The unused days were used for investigations, grants and audit work. Overall, resource levels provided sufficient capacity to provide an adequate level of assurance, and sufficient work was completed to enable the Head of Internal Audit to provide his overall opinion.
- 2.6 Public Sector Internal Audit Standards (PSIAS) require that an internal assessment of the Internal Audit function must be undertaken annually, with an

external assessment at least every five years. In 2020-21 an external assessment was completed which showed general conformance with the standards. The internal assessment during 2021-22 showed this had been maintained.

- 2.7 A Quality Assurance and Improvement Programme (QAIP) was put into place during 2021 using the results of the external assessment. The results were reported to the Audit Committee in March 2022. Nine of the eleven actions from the external assessment had been implemented, along with three of the four actions from the previous year. An updated QAIP based on the external assessment has been produced to maintain and increase the level of conformance within the team.

3. Options considered and recommended proposal

- 3.1 This report is presented to enable the Audit Committee to fulfil its responsibility for overseeing the work of Internal Audit. It provides an annual summary of Internal Audit work completed and the key issues arising from it and the overall opinion of the Head of Internal Audit on the adequacy of the Council's control environment. It also provides information about the performance of the Internal Audit function during the year.

4. Consultation on Proposal

- 4.1 All Internal Audit reports referred to in this report have been discussed and agreed with the appropriate Service Manager and Assistant Director, and have also been issued formally to the relevant Strategic Director. Where an opinion of partial or no assurance has been given, the report was also sent to the Chief Executive.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The Audit Committee is asked to receive this report at its 28th June 2022 meeting.

6. Financial and Procurement Advice and Implications

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

7. Legal Advice and Implications

- 7.1 The provision of Internal Audit is a statutory requirement for all local authorities that is set out in the Accounts and Audit (England) Regulations 2015. These state: *"each principal authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."*
- 7.2 Internal Audit also has a role in helping the Council to fulfil its responsibilities under s.151 of the Local Government Act 1972, which are: *"each local authority shall make arrangements for the proper administration of their financial affairs"*

and shall secure that one of their officers has responsibility for the administration of those affairs.”

8. Human Resources Advice and Implications

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

9. Implications for Children and Young People and Vulnerable Adults

9.1 This document constitutes a report of progress against delivery of the Internal Audit Plan 2021-22. A significant proportion of the Plan was devoted to the examination of risks facing Children and Young People’s Services and Adult Social Care.

10. Equalities and Human Rights Advice and Implications

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

11. Implications for Partners

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

12. Risks and Mitigation

12.1 The following risks have been identified:

Risk	Impact	Likelihood	Mitigation
Not having/failing to deliver a risk-based Plan. Audit Plan does not reflect current risks/threats to Council. Unforeseen demands upon audit resources, e.g. increase in frauds/investigations and/or requests from management (responsive work). Insufficient resources to complete work to support the annual opinion.	3	2	Risk-based approach to audit planning, including consultation with management. Robust task/time management process. Audit Plan kept under review to ensure it reflects key risks across Council. Half-yearly meetings with all Directorate Leadership Teams to ensure plan is up to date. Progress reports provided to Audit Committee.
Management introduce new systems / processes with inadequate controls.	2	3	Contact with DLT's over current developments. Request information on the changes in order to consider them for review. Review of projects in Customer and Digital Programme.
Audit testing may not reflect current risks. Major systems changes occur without IA awareness, increasing risk. Scope of our work does not take account of this. Unforeseen demands upon audit resources, e.g. increase in frauds/investigations and/or requests from management (responsive work).	3	3	Risk-based approach to audit planning. Liaison with directorates over audit plan. Robust task/time management process. Progress reports to Audit Cttee.

13. Accountable Officer(s)

David Webster, Head of Internal Audit

Report Author: David Webster, Head of Internal Audit
David Webster, Head of Internal Audit

01709 823282 or david.webster@rotherham.gov.uk

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



Rotherham Metropolitan Borough Council

Internal Audit Annual Report 2021-22

1 Introduction

1.1 Objectives of the Report.

The objectives of this report are:

- To provide a summary of the Internal Audit work undertaken during the financial year 2021-22 and the key issues that have arisen from it.
- To present the opinion of the Head of Internal Audit on the adequacy and effectiveness of the Council's control environment, risk management and governance arrangements, which supports the Council's Annual Governance Statement (AGS).
- To provide information regarding the performance of the Internal Audit function during the 2021-22 year.

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

1.2 Legislation Surrounding Internal Audit.

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

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

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

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

1.3 Professional Standards

The professional responsibilities for Internal Auditors are set out in the International Standards for the Professional Practice of Internal Auditing, published by the Chartered Institute of Internal Auditors (CIIA) in the UK and Ireland. Public Sector Internal Audit Standards (PSIAS) are based on the international standards.

The Standards require the Head of Internal Audit to develop a Quality Assurance and Improvement Programme (QAIP), designed to enable an evaluation of Internal Audit's conformance with the Standards. The QAIP must include both internal and external assessments. External assessments must be completed at least every five years. Internal assessments must include:

- Ongoing monitoring of the performance of the Internal Audit activity; and
- Periodic self-assessments

An external assessment was completed in November 2020 with the results reported to the Audit Committee in January 2021. The Internal Audit Service was assessed as generally conforming to the Standards. The assessment resulted in the development of a QAIP for 2021. An internal assessment was completed in January 2022, which showed that General Conformance with the standards had been maintained. Nine of the eleven actions from the external assessment had been implemented, along with three of the four actions from the previous year. The QAIP was then updated for 2022.

The CIIA define General Conformance as follows.

Generally Conforms means the evaluator has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual Standard or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformance to a majority of the individual Standards or elements of the Code of Ethics, and at least partial conformance to the others, within the section/category. There may be significant opportunities for improvement, but these must not represent situations where the activity has not implemented the Standards or the Code of Ethics, has not applied them effectively, or has not achieved their stated objectives. As indicated above, general conformance does not require complete/perfect conformance, the ideal situation, successful practice, etc.

Ongoing monitoring of performance is in place. The quality of audit work is ensured by the use of an audit manual, ongoing supervision and management of staff and the review of all audit work. Performance targets are set and actual performance reported to each Audit Committee meeting.

1.4 The Definition and Role of Internal Audit

The definition of Internal Auditing in PSIAS is as follows:

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

The role and responsibilities of the Rotherham MBC Internal Audit Service are outlined in the Internal Audit Charter which was revised during the year and approved by the Audit Committee. It also specifies the department's independence, authority, scope of work and reporting arrangements. All audit work is carried out in accordance with the contents of the Charter.

The role of Internal Audit is to provide an independent and objective opinion to the organisation on the overall adequacy and effectiveness of the framework of internal control, risk management and governance. Internal Audit is therefore a key part of the RMBC assurance cycle and one of the sources of assurance available to the Council and Audit Committee, which assists the Council to prepare the Annual Governance Statement.

1.5 Assurance

In giving the opinion on the framework of internal control, risk management and governance, it should be noted that assurance can never be absolute. The matters raised in this report are only those which came to our attention during our Internal Audit work and are not necessarily a comprehensive statement of all weaknesses that exist, or of all the improvements that may be required.

1.6 Independence

At the start of the year the team supported the Finance department in processing applications for Business Support Grants as a result of Covid-19. Whilst working operationally is contrary to the Charter, the work is in one small area of the Authority and does not affect the overall independence of the department.

During 2021-22 the Head of Internal Audit carried out some wider organisational duties that might be considered to conflict with the purely independent role of Internal Audit. These relate to the preparation of the Annual Governance Statement and his role as one of the Whistleblowing Officers. Any conflicts are handled by independent scoping and reporting of these areas.

There have been no limitations made on the scope of Internal Audit coverage within the year.

2 Internal Audit Assurance for 2021-22

2.1 Internal Audit Opinion

For the year ending 31 March 2022, based on the work we have undertaken, my opinion is that Rotherham Metropolitan Borough Council had overall an adequate and effective framework of governance, risk management and control.

2.2 Scope of the opinion

In arriving at that opinion, I have taken into account

- The results of all internal audits undertaken during the year (see Appendix A for a summary of audits)
- The results of follow up action taken in respect of audits from previous years
- The appropriateness of the proposed action by management to address control weaknesses and consequent risks
- Matters arising from previous reports or other assurance providers to the Audit Committee and/or the Council
- No limitations having been placed on the scope of internal audit

- No resource constraints having been imposed on us which may have impacted on our ability to meet the full audit needs of the Council; and
- Where weaknesses have been identified, the action plans in place to address those weaknesses.

2.3 The basis of the opinion

In reaching this opinion the following factors were taken into particular consideration:-

Governance

The council's governance framework comprises a range of policies, procedures and processes. At the highest level this includes the Council Plan and the Year Ahead Plan. They are supported by a range of policies and strategies to ensure that governance is applied throughout the Council. During the year there were reviews of Schemes of Delegation, the Annual Governance Statement and Members Allowances. In addition, many of the other audits undertaken touched on the implementation of the policies and strategies.

A Corporate Governance Group operated during the year, comprising the Corporate Improvement and Risk Manager and the Head of Internal Audit. The group produced the annual review of the RMBC Code of Corporate Governance based on the seven principals from the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) guidance on 'delivering good governance', published in 2016. This was updated and presented to the Audit Committee in November 2021.

The group has the following roles:

- Have oversight of the Code of Corporate Governance, including its implementation, review and revision on at least an annual basis
- Coordinate the production of the Annual Governance Statement and the assurances needed to underpin it
- Review the progress being made to address the issues reported in the previous year's Annual Governance Statement
- Ensure that recommendations from external bodies are appropriately followed up and reported to the Audit Committee
- Be responsible for responding to any ad hoc governance issues as required.

The group has prepared and drafted the Annual Governance Statement. To do so the group issued corporate governance self-assessment questionnaires to Assistant Directors and asked for Statements of Assurance from Strategic Directors and Statutory Officers. This process provided an opportunity for senior officers to consider the effectiveness of governance arrangements. The Statement explains how Rotherham MBC complies with its own Code of Corporate Governance, in line with the seven principles from CIPFA/SOLACE.

During 2021-22 the Council continued to operate under Covid restrictions whilst at the same time responding to the evolving situation. There was no disruption to decision-making by Members. Standards of governance were maintained throughout the year.

Risk Management

Risk management has been maintained throughout the year. There is a hierarchy of risk registers dealing with strategic and operational risks at SLT, DLT and service level. These are regularly reviewed, discussed and amended to ensure they remain up to date. Risks are escalated to strategic level as necessary. The Audit Committee reviewed the strategic risk register in July 2021 and January 2022, and Directorate risk registers on a rolling basis throughout the year. A review of Risk Management was undertaken during the year.

Internal Control

Our opinion on the Council's control environment is based on our assessment of whether the controls in place in the services and functions subject to audit support the achievement of the Council's objectives, as set out in the 2021-22 Annual Audit Plan and the individual audit reports issued.

Audits were carried out in all areas of the Council during the year. The overall level of control found in audits was good. No area stood out as being worse than the others. 85% of audits where an assurance level was given resulted in a Substantial or Reasonable Assurance opinion, including 43% with Substantial Assurance, and no audits resulted in a No Assurance opinion. During 2021-22, 124 recommendations were made to improve the internal control, risk management and governance arrangements across the Council. Of these, 3 were in the highest category (red). There were four Partial Assurance audit opinions in the year:

- | | |
|------------------------------|-----|
| • Leavers | ACX |
| • Hardware Asset Management | FCS |
| • Hellaby Depot | R&E |
| • Property Estate Management | R&E |

None of these was considered serious enough to be included in the Annual Governance Statement.

A comparison with the previous year shows assurance levels were at similar levels. In 2020-21, 85% of audits resulted in a Substantial or Reasonable opinion, including 36% with Substantial Assurance. During 2020-21, 157 recommendations were made. Of these, 5 were in the highest category (red). There were six Partial Assurance audit opinions in the year.

Summary results are given in **Appendix A** together with definitions of the assurance levels and recommendation categories.

2.4 Other evidence taken into account for the annual audit opinion.

In forming our opinion, we also take into account the findings from external reviews of the Council's activities. The Corporate Improvement and Risk Officer presents a six-monthly report that details recent and current external audits and inspections, including the details of arrangements that are in place regarding the accountability and governance for implementing recommendations arising from these. Reports were submitted to Audit Committee in July 2021 and January 2022.

Two reports by the Local Government and Social Care Ombudsman were reported to the Audit Committee in April 2022 including one which was a Public Interest Report. In both cases comprehensive measures have been put in place to ensure any similar issues will be dealt with correctly in the future.

3. Review of the Service

3.1 Resources

Throughout the year the audit team has been almost fully staffed, with an actual staffing of 7.67 fte against an establishment of 8 fte. The difference arises because one member of the team works four days a week and another only works during term time. This level of staffing was accounted for in the Internal Audit Plan agreed in March 2021.

At the start of the year audit staff assisted Finance in the processing and checking of Business Support Grants for local businesses. In addition, overall productivity was affected by the council's default position of working from home, impacting on both auditors and auditees.

Nevertheless, it is the opinion of the Head of Internal Audit that resource levels throughout the year provided sufficient capacity to provide an adequate level of assurance to the Audit Committee and the Strategic Director of Finance and Customer Services. As a result of careful management of our resources and significant effort by a very small team, sufficient work was completed during 2021-22 to enable the Head of Internal Audit to provide his overall opinion.

3.2 Audit Plan

The audit plan was originally prepared in early 2021 and presented to the Audit Committee in March 2021. The plan was designed to maintain a balanced programme of work that would inform Internal Audit's annual opinion on the overall adequacy of the Council's control environment.

A half-year review of the plan was undertaken but did not result in any significant changes. The plan was reviewed throughout the year to allow for the changing situation.

At the end of the financial year there is always a small proportion of the plan that remains to be completed. The remaining work was therefore considered and decisions taken on each outstanding project to either complete it, move it to the 2022-23 plan or cancel it.

3.3 Level of Audit Coverage during the year

The number of audit days spent in each area compared to the original and revised plan is given in the table below.

Audit Area	Original Plan Days	Revised Plan Days	Actual Days
Corporate			24
Assistant Chief Executive	95	95	126
Adult Care and Housing	130	120	128
Children and Young People Services	115	125	83
Finance and Customer Services	205	205	194
Regeneration and Environment	90	90	120
Investigations	100	100	128
Contingency	90	90	
Anti-Fraud	30	30	23
Grants	50	50	60
Follow Up reviews	20	20	20
Covid – grant work	75	75	23
Total	1000	1000	929

The plan is produced after taking into account estimated unproductive time. There was a higher than expected take up of annual leave during the year and more time than anticipated was spent on staff meetings. Both of these were as a consequence of the changing working practices due to Covid-19 and working from home.

The plan is always flexible and subject to change during the year. The number of days planned for audits at the start of the year is reviewed when the audit is scoped in detail and is also subject to change depending on the findings.

The original plan showed 48 audits to be completed in 1000 days. There is always a time lag in terms of the dates of audits, with the audit plan for any year not being completed at the end of March but in April/May. Additions and deferrals also make comparison of actual work completed against the plan more difficult, and some investigation work results in reports with recommendations to correct weaknesses. However, within 2021-22 38 final reports were issued, plus 4 investigation reports. In addition, at year end there were another 6 audit reviews that had been completed, with the reports in draft form. 12 reports were finalised in April and May, after the year end. In overall terms, this shows that the plan was substantially achieved.

3.4 Summary of Findings from Audit Reviews.

Internal Audit provides an opinion on the control environment for all systems, services or functions which are subject to audit review. These are taken into account when forming our overall annual opinion on the Council's control environment. All final audit reports are issued to the appropriate Strategic Director, Assistant Director and Service Manager. In addition, where an opinion of partial or no assurance is given, the final report is also sent for information to the Chief

Executive. A summary of the results of reports issued during 2021-22 is given in **Appendix A**.

3.5 Reporting of Audit Findings.

After reports are finalised Internal Audit subsequently seeks assurance that agreed actions emanating from audit work have actually been implemented. As a minimum this involves the manager responsible updating automated audit software with an assurance that agreed actions have been implemented or, where they have not, appropriate progress is being made. Where an audit results in a Partial or No Assurance opinion a follow up review is undertaken.

SLT receive a summary report based on the Progress Reports presented to the Audit Committee, showing progress against the plan, reports issued and outstanding recommendations.

3.6 Implementation of Audit Recommendations

All actions arising from audit recommendations are tracked automatically. A report on aged outstanding actions is presented to the Audit Committee at each meeting. In the previous year these actions had proved difficult to clear, but by the start of the year had reduced to 8. During 2021-22 all the aged outstanding actions were cleared. There will always be valid reasons for some implementation dates not being achieved, so some delays will occur in the future, but they will be strictly monitored to ensure they are kept to a reasonable level.

3.7 Investigations

There were five fraud investigations completed during the year, however they did not result in any reported major frauds. That can partly be attributed to the strong internal controls and sound governance procedures in place. Internal Audit also reviews the issues arising from the irregularities investigated, and where appropriate carries out wider testing to obtain either assurance or ascertain areas where improvements are needed. There is an Anti-Fraud and Corruption Strategy and Policy in place which include various policies and standards to manage fraud and corruption. During the year 137 days were spent on investigations. There was no pattern to the subjects of the investigations, and none were significant in terms of the governance of the Council.

3.8 Anti-Fraud work

The Head of Internal Audit is one of the three Whistleblowing Officers who manage the response to any whistleblowing allegations.

The department completed the following:

- The Anti-Fraud and Corruption Policy and Strategy were updated and presented to the Audit Committee in September 2021. They were subsequently entered onto the Intranet.
- Continued to work on the National Fraud Initiative to identify errors and fraud.

3.9 Advisory work

A further 35 days were spent on Advisory work. This includes work that does not result in an audit report but adds value to the Council by contributing to working groups or providing advice.

3.10 Grants

During the year the department spent 60 days completing reviews in accordance with the grant funding body requirements for the following grants.

- Troubled Families
- Local Transport Capital Block Funding
- Disabled Facilities
- A6178 Challenge fund
- Pothole and Challenge fund
- Bus Service Operators
- Green Homes
- Restart grant
- Rotherham Music grant
- Culture Recovery grant
- Protect and Vaccinate grant
- Social Housing Decarbonisation fund

All were found to be accurately compiled and in accordance with the grant criteria.

3.11 Schools

During the year, maintained schools completed a Control and Risk Self-Assessment exercise, managed by Internal Audit, with the results reported to CYPS management and the schools. Because of measures put in place in response to Covid, no further audit work was completed in schools during the year.

3.12 ICT Audits

During the year we engaged the services of another local authority's ICT Internal Audit Team who have over thirty other public sector clients. Based on a detailed risk assessment of our ICT risks they completed two audits during the year.

3.13 South and West Yorkshire Audit Group

The Council's Internal Audit Service is a member of the South and West Yorkshire Internal Audit Groups. This facilitates comparisons and the sharing of best practice and includes groups for Heads of Internal Audit, Investigations, Contracts and Procurement, Children's Services, Adults Services, Computer specialists and Communities and Environment services.

3.14 External work

During the period Internal Audit provided audit services on a fee earning basis to a

Multi Academy Trust. Since academies are separate legal entities to the Council, this work does not have any impact on our overall opinion of the Council's control environment. The findings, recommendations and conclusions arising from these engagements are therefore not reported to the RMBC Audit Committee.

3.15 Internal Audit Performance Indicators

Our performance against a number of key indicators is summarised below:

Performance Indicator	2020-21 Actual	2021-22 Target	2021-22 Actual
Draft reports issued within 15 days of field work being completed.	83%	90%	84%
Productive Time / Total Time.	79%	80%	78%
Audits completed within planned time.	88%	90%	95%
Client Satisfaction Survey.	100%	100%	100%

Time spent supporting Finance with Business Support grants has been included as Productive Time.

Performance has been affected by the adjustment to home working by the team and those being audited.

Eighteen Client satisfaction surveys were returned by management after audits were completed, which represents around a 45% response rate. All of them were rated as 'satisfied' or better.

Analysis Of Internal Audit Opinions and Recommendations Made in 2021-22

The table below shows a summary of the audit opinions and recommendations that have arisen from audit work completed during the period.

Audit Area	Audit Opinions						Number of Recommendations Made			
	Substantial Assurance	Reasonable Assurance	Partial Assurance	No Assurance	No opinion given	Total	red	amber	green	Total
Corporate	2	1	0	0	0	3	0	0	3	3
Assistant Chief Executive	3	2	1	0	0	6	0	11	15	26
Adult Care Housing and Public Health	4	2	0	0	0	6	0	2	6	8
Children and Young Peoples Services	1	4	0	0	0	5	0	5	11	16
Finance and Customer Services	7	5	1	0	0	13	3	18	18	39
Regeneration and Environment	1	2	2	0	0	5	0	12	14	26
Investigations	0	1	0	0	4	5	0	1	5	6
Total	18	17	4	0	4	43	3	49	72	124

Rating	Definition
Substantial Assurance	Substantial assurance that the system of internal control is designed to minimise risks to the achievement of the service's objectives. The controls tested are being consistently and effectively applied.
Reasonable Assurance	Reasonable assurance that the system of internal control is designed to minimise risks to the achievement of the service's objectives. However, some weaknesses in the design or inconsistent application of controls put the achievement of some objectives at a Low risk.
Partial Assurance	Partial assurance where weaknesses in the design or application of controls put the achievement of the service's objectives at a Medium risk in a significant proportion of the areas reviewed.
No Assurance	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes service objectives to an unacceptable High level of risk.

Recommendation categories

Red Fundamental (Action considered necessary to avoid exposure to high risk)

Amber Significant (Action considered necessary to avoid exposure to a significant risk)

Green Merits Attention (Action desirable to enhance control or value for money)

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Committee Name and Date of Committee Meeting

Audit Committee – 28th June 2022.

Title

Internal Audit Progress Report for the period 1st March 2022 to 31st May 2022.

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

No.

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director, Finance and Customer Services.

Report Author(s)

David Webster, Head of Internal Audit

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

Ward(s) Affected

All wards.

Report Summary

This Progress Report provides the committee with an up to date position on the Internal Audit Plan, a summary of Internal Audit work completed during the period 1st March 2022 to 31st May 2022 and the key issues that have arisen from it, and the status of actions arising from audits. It also provides information regarding the performance of the Internal Audit function during the period.

Recommendations

The Audit Committee is asked to:

- 1) Note the Internal Audit work undertaken since the last Audit Committee, 1st March 2022 to 31st May 2022, and the key issues that have arisen from it.
- 2) Note the information contained regarding the performance of Internal Audit and the actions being taken by management in respect of their performance.

List of Appendices Included

Appendix A – Internal Audit Plan 2021/22

Appendix B – Summary of work completed since the last meeting

Appendix C – Internal Audit Performance Indicators

Background Papers

Public Sector Internal Audit Standards and Associated Local Government Application Note.

Accounts and Audit (England) Regulations 2015.

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

Council Approval Required
No.

Exempt from the Press and Public
No.

Internal Audit Progress Report for the period 1st March 2022 to 31st May 2022

1. Background

- 1.1 CIPFA guidance for Audit Committees in Local Authorities gives the Audit Committee a clear role in supporting the effectiveness of the internal audit process. This role is reflected in the Terms of Reference of the committee. To fulfil this role the committee receives updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work. In addition, it receives information on performance relative to the audit plan.
- 1.2 Public Sector Internal Audit Standards require that the Head of Internal Audit reports periodically to the Audit Committee. This is reflected in the Audit Charter which provides for Progress Reports to be presented to the Audit Committee regarding the audit plan and progress against it; resource requirements; the results of audit activities; the tracking of audit recommendations; and the performance of the audit team.
- 1.3 This report includes the position up to the end of February on the completion of the annual plan for 2021/22, the reports finalised in March, April and May, and performance indicators for the team.

2. Key Issues

2.1 Internal Audit Annual Plan

Internal Audit produced a risk based Annual Audit Plan for 2021/22 and presented it to the Audit Committee at its meeting on 23rd March 2021. Work is coming to an end on this plan and commencing on the plan for 2022/23. The current position with regards to the plan is given in **Appendix A**.

2.2 Audit Work Undertaken During the Period

Internal Audit provides an opinion on the control environment for all systems or services which are subject to audit review. These are taken into consideration when forming our overall annual opinion on the Council's control environment. There are four possible levels of assurance for any area under examination, these being "Substantial Assurance", "Reasonable Assurance" "Partial Assurance" and "No Assurance". Audit opinions and a brief summary of all audit work concluded since the last Audit Committee are set out in **Appendix B**. Sixteen audits have been finalised since the last Audit Committee, including one with Partial Assurance – Property Estate Management.

- 2.3 In addition to the planned audit assurance work, Internal Audit also carries out unplanned responsive work and investigations into any allegations of fraud, corruption or other irregularity. There have been no investigation reports issued since the last committee meeting.

2.4 Internal Audit Performance Indicators

Internal Audit's performance against a number of indicators is summarised in **Appendix C**. Targets were met or very nearly met for all indicators. The appendix also includes comments received from audit clients during the last three months.

2.5 Management Response to Audit Reports

Following the completion of audit work, draft reports are sent to or discussed with the responsible managers to obtain their agreement to the report and commitment to the implementation of recommendations. This results in the production of agreed action plans, containing details of implementation dates and the officers responsible for delivery. Draft reports are copied to the relevant Head of Service and Assistant Director and final reports are also sent to the Strategic Director.

Confirmation of implementation of audit recommendations is sought from service managers when the implementation date is reached. This is automated, with alerts being sent out a week before the due date to the Responsible Manager and Head of Service, and overdue alerts sent out weekly, copied into the Assistant and Strategic Director. Managers should enter the system and provide an update on the action – either implemented or deferred.

Summary reports of outstanding actions are produced monthly and distributed to Strategic Directors. At the present time there are only two actions that have been deferred from their original due dates. The position will be monitored and any issues reported.

3. Options considered and recommended proposal

- 3.1 This report is presented to enable the Audit Committee to fulfil its responsibility for overseeing the work of Internal Audit. It provides a summary of Internal Audit work completed and the key issues arising from it for the period from 1st March to 31st May 2022 and information about the performance of the Internal Audit function during this period.

4. Consultation on proposal

- 4.1 The Internal Audit plan was produced after consultation with management teams. All Internal Audit reports referred to in this report have been discussed and agreed with management in the respective service areas.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The Audit Committee is asked to receive this report at its 28th June 2022 meeting.

6. Financial and Procurement Advice and Implications

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

7. Legal Advice and Implications

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

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

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

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

8. Human Resources Advice and Implications

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

9. Implications for Children and Young People and Vulnerable Adults

9.1 This document includes a report of progress against delivery of the Internal Audit Plan. A significant proportion of the Plan is devoted to the examination of risks facing Children and Young People’s Services and Adult Social Care.

10. Equalities and Human Rights Advice and Implications

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

11. Implications for CO2 Emissions and Climate Change

11.1 There are no direct CO2 and Climate Change implications arising from the report.

12. Implications for Partners

12.1 Internal Audit is an integral part of the Council’s Governance Framework, which is wholly related to the achievement of the Council’s objectives, including those set out in the Council Plan.

13. Risks and Mitigation

13.1 An effective Internal Audit Department helps to minimise the Council’s exposure to risk.

14. Accountable Officer

David Webster, Head of Internal Audit.

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

Internal Audit Plan 2021-22

ASSISTANT CHIEF EXECUTIVE					
Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
Payroll	Directorate Risk ACX20	Fundamental System	Fundamental system. Ongoing review of system and to provide assurances on procedures for carrying out reconciliations and error resolution and prevention.	35	FINAL
Risk Management		Risk Based	Review of the effectiveness of risk management.	10	FINAL
HR Policies		Risk Based	Review of policies and procedures to provide assurances that they are fit for purpose.	10	FINAL
Performance Management		Risk Based	Review of policies and procedures in place to gain assurances on the accuracy of performance management measurements reported.	15	DEF
Members Allowances		Risk Based	Review of allowances paid to members following May 21 Borough Elections, including a follow-up of 2020/21 audit actions.	10	FINAL
Establishment Control		Risk Based	Follow-up of 19/20 Audit	5	FINAL
Give As You Earn Payroll Deductions		System Based	Review of processes for staff donations to charities made by deductions from Payroll	10	FINAL
Total Planned Days – Assistant Chief Executive				95	

ADULT CARE HOUSING AND PUBLIC HEALTH

Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
Liberty Protection Safeguards	Strategic Risk SLT22 ACS22	Risk Based	Review of compliance with new legislative changes and requirements. Detailed scope to be agreed in Q3 / Q4 after new procedures have been embedded.	10	FINAL
Public Health		Risk Based	Scope to be agreed for a review of elements from the What Good Looks Like (WGLL) Programme.	10	FINAL
Homecare and Support Delivery Model	Directorate Risk PH16	Risk Based	Review new delivery model to ensure services are being delivered to vulnerable people on date of contract implementation.	15	FINAL
Direct Payments		Risk Based	Review the updated policies and procedures and ensure that all previous Internal Audit recommendations, covering this service, have been addressed and incorporated into these policies and procedures.	5	FINAL
Repairs & Maintenance Contract	Housing Services Risk No.8	Risk Based	Review and provide assurance on the new repairs and maintenance contract; and ensure that previous Internal Audit recommendations have been addressed within the new contract.	20	FINAL
Housing Rents		System Based	Audit examines key areas within the system on a cyclical basis.	10	FINAL
Rothercare Service		Risk Based	Support Housing's internal review of systems and operations of Rothercare and Assistive Technology	20	DRAFT
Homelessness	Housing Options Risk 18	Risk Based	Review of findings from Housing's internal review of processes.	10	FINAL
Transition from Children's Care to Adult Care		Follow up	Follow up of review in 2020/21	5	DEF

Learning Disabilities		Risk Based	Review the changes to the service to provide assurance that they have achieved the stated objectives in the realignment of services across day centres.	15	FINAL
Total Planned Days – Adult Care and Housing				120	

CHILDREN AND YOUNG PEOPLES SERVICE					
Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
Early Years Education	ES6	Risk Based	Review of policies and procedures to ensure compliance with statutory duties. Detailed scope and brief to be agreed with CYPS Management prior to commencement of audit.	20	FINAL
School Exclusions		Risk Based	Review the Council's procedures in respect of permanent exclusions to ensure compliance with statutory requirements	15	WIP
Schools CRSA and Themed Audits		Risk Based	Reviews based on the results of the schools' Control and Risk Self-Assessment. Includes School Visits.	30	FINAL
Special Education Needs and Disability	CYPS03	Risk Based	Review of the management of SEND requirements. Detailed scope and brief to be agreed with CYPS Management prior to commencement of audit.	20	DRAFT
LAC Sufficiency (Children's Homes)	CPQ42	Risk Based	To provide an independent risk based review on progress with the LAC Sufficiency Strategy. This review can be used to support any further project changes and provide independent assurance on any changes in delivery post Covid.	15	WIP
Rating of Schools	ES2 / ES14	Risk Based	Review of the arrangements to ensure maintained schools are rated highly.	10	DRAFT
Fostering and Adoption Allowances		Follow up	Follow up of review in 2020/21	5	FINAL
Payments and Allowances		Risk Based	Review the processes and procedures for payments to providers of services to looked after children.	10	FINAL

Total planned days - Children and Young People's Services

125

FINANCE AND CUSTOMER SERVICES

Finance

Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
Annual Governance Statement		Risk Based	Review of the process for the production of the AGS.	10	WIP
NNDR		Systems Based	Fundamental system. Previously no concerns, audit resources to examine changes to the system.	10	DRAFT
Debtors		Systems Based	Assess the degree of compliance with Finance Procedures by Directorates.	15	FINAL
Capital Procedures		Risk Based	Review the updated capital procedures and provide assurance that they are being complied with and that expenditure is appropriately approved, controlled and monitored.	15	FINAL
Social Values		Risk Based	Review of compliance with Social Value policy requirements for procurement and provide assurances that controls are in place to ensure the policy is embedded.	15	FINAL
Procurement Governance	Operational Risk	Risk Based	Review procurement procedures and assess Directorate adherence to them.	20	DEF
IR35 Anti-Avoidance Tax Legislation		Risk Based	Review procedures and provide an assurance on compliance with IR35 legislation	15	FINAL

Customer Information & Digital Services

Cyber Attacks	Directorate Risk FCS14	Risk Based	Provide assurance on how the Council manages the risk of threats from cyber-attack in terms of preventative & reactive measures.	10	FINAL
Physical Security of servers / data		Risk Based	Provide assurance that the Councils server / data areas are secure and resilient to withstand physical & environmental attack.	10	FINAL

Hardware Asset Management		Risk Based	Confirm the adequacy of arrangements for managing the issue of new IT equipment (laptops) and any items that are returned and overall stock management.	15	FINAL
Vulnerability Management (Salford)		Risk Based	Confirm that vulnerabilities in the IT 'estate' are effectively managed in a timely & controlled manner.	10	DRAFT
Network Management (Salford)		Risk Based	Provide assurance that the Council's IT infrastructure (network, server and storage) is robust, fit for purpose, secure & resilient.	10	FINAL
Customer Services & Efficiency Programme Board		Advisory	Audit contribution to projects designed to increase efficiency.	30	COMPLETED
<u>Legal Services</u>					
Adult Care Protection Legal Support		Risk Based	Provision of effective Adult Care Protection legal support to Adult Care, Housing and Public Health Services.	10	DEF
Whistleblowing		Risk Based	Provide assurance that reported cases are investigated and there is supporting evidence to justify the investigations overall findings.	15	FINAL
Contract Sealing		Risk Based	Partial Assurance level reported in 2021 audit review, follow up audit to ensure agreed actions are in the process of, or have been, implemented.	5	FINAL
Right to Buy		Risk Based	Review of Right to Buy procedures from receiving instructions to completion of sales to highlight any delays in the processes and reduce risk of complaints.	10	FINAL
Total Planned Days – Finance and Customer Services				205	

REGENERATION AND ENVIRONMENT

Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
Property Estate Management	Strategic Risk SLT27 / Directorate Risk R&E13	Risk Based	Review Health & Safety arrangements in management of property estate & follow-up previous audit actions from 20/21 audit.	10	FINAL
Enforcement	Directorate Risk R&E2	Risk Based	Ensure the arrangements around community-based enforcement and environmental health meet statutory requirements.	10	DRAFT
Historic Sites	Directorate Risk R&E8 / Operational Risk CST15	Risk Based	Review the adequacy of arrangements for the management of the health & safety programme for maintenance of the Council's historic sites.	10	FINAL
Building Security	Directorate Risk R&E26 /Operational Risk PRT39	Risk Based	Ensure adequate building security arrangements are in place across the property estate. To include follow-up of agreed actions relating to security at Hellaby Depot.	15	WIP
Private Rented Housing		Risk Based	Review policies & procedures and gain assurance that the Council is compliant with regulations surrounding selective licensing and administration of the scheme	10	FINAL
Household Waste Recycling Centres		Risk Based	Seek assurance adequate contract management arrangements are in place & operating effectively.	10	FINAL
Catering / Cleaning (Facilities Services)		Risk Based	Review adequacy of health & safety arrangements around catering & cleaning and that appropriate PAT testing is in place.	15	FINAL
Home to School Transport		Follow up	Follow up of review in 2020/21	5	FINAL
S106 & Community Infrastructure Levy		Follow-up	Follow-up of review in 2020/21	5	FINAL
Total Planned Days – Regeneration and Environment				90	

<u>OTHER</u>	Provision	Days Used
Follow Up reviews	20	20
Grants	50	60
Provision for investigations	100	128
Pro-active fraud	30	26
Contingency	90	71
Covid – grant work	75	23
Other Work Total	365	328
Overall Plan Total	1000	

Summary of Audit Work Completed since the last meeting

Note:- Internal Audit uses an Executive Summary and reporting structure which gives four levels of overall assurance for areas under examination. Within each area audited an overall assurance opinion is assessed as being either “Substantial Assurance”, Reasonable Assurance”, “Partial Assurance” or “No Assurance”, taking into account the results of all the risks assessed.

Audit Area	Assurance Objective	Final Report to man't	Overall Audit Opinion	Summary of Significant Issues
Assistant Chief Executive				
Payroll	To provide assurance on procedures for carrying out reconciliations and error resolution and prevention.	29.3.22	Substantial Assurance	Controls were in place. Two low priority recommendations were made around the recovery of overpayments and training.
Risk Management	To review the effectiveness of the Council's Risk management arrangements.	19.4.22	Substantial Assurance	The arrangements were effective. Recommendations were made around the presentation and consistency of risk registers
HR Policies – PDR Procedures	To provide assurance that the PDR procedures are fit for purpose.	4.5.22	Substantial Assurance	The report made no recommendations but noted that completion rates could be improved.
Adult Care, Housing and Public Health				
Homes England	To provide support and advice on the preparation of Housing's report and action plan in response to HE's audit.	11.3.22	n/a	Adequate procedures and controls were not in place to ensure HE's requirements were fulfilled at the time of the drawdown of funds. Housing has produced an action plan to address the issues.
Public Health – Tobacco Control	To review the What Good Looks Like programme for tobacco control.	7.4.22	Reasonable Assurance	Controls were in place. Recommendations were made around the implementation of the programme and reporting.

Audit Area	Assurance Objective	Final Report to man't	Overall Audit Opinion	Summary of Significant Issues
Deprivation of Liberty Safeguards	To assess the adequacy of controls surrounding the application of DoLS processes and procedures.	13.4.22	Reasonable Assurance	Controls were in place. Two low priority recommendations were made around procedures and DBS checks
Housing Rents	To provide assurance on the effective management of Housing rents with regard to eviction and sustainable tenancies.	16.5.22	Substantial Assurance	Policies were in place and followed. No recommendations were made.
Finance and Customer Services				
Capital Procedures	To provide assurance that Capital Procedures are being complied with and expenditure is appropriately approved, controlled and monitored.	22.3.22	Substantial Assurance	Controls were in place. Two low priority recommendations were made around training and oversight.
Network Management	To verify whether there are appropriate controls in place to minimise risks associated with network management.	7.4.22	Reasonable Assurance	Key risks are generally being controlled. Recommendations were made around monitoring requirements, changes to the network and documentation.
Right to Buy – Legal Services	To review the procedures to highlight any delays and reduce the risk of complaints.	9.5.22	Substantial Assurance	Controls were in place. Two low priority recommendations were made around the clarity of procedures and management review.
Cyber Attacks	To provide assurance on how the Council manages the risk of cyber attack in terms of preventative and reactive measures.	20.5.22	Substantial Assurance	Controls were in place. No recommendations were made.
Regeneration and Environment				
Property Estate Management	To review the health and safety arrangement in the management of the property estate.	10.3.22	Partial Assurance	Controls relating to performance monitoring and management reporting need to be improved.

Audit Area	Assurance Objective	Final Report to man't	Overall Audit Opinion	Summary of Significant Issues
Household Waste Recycling Centres	To assess the adequacy of the contract arrangements in place at the Council's Waste Recycling Centres	8.4.22	Substantial Assurance	Adequate contract arrangements were in place. No recommendations were made.
Vehicle Fleet	To determine whether there are adequate arrangements in place to manage the operation of the Council's vehicles.	28.4.22	Reasonable Assurance	Controls were in place. Recommendations were made around performance monitoring, health and safety and the update of policies.
Facilities Services	To review the adequacy of health and safety arrangements in cleaning and catering and that Portable Appliance Testing is in place.	29.4.22	Reasonable Assurance	Controls were in place. Recommendations were made around incident reporting and the completion of PAT records.
Private rented Housing – Selective Licensing	To review the policies and procedures for selective licensing and the administration of the scheme.	26.5.22	Reasonable Assurance	Controls were in place. Recommendations were made around inspections, quality assurance and training.

Definitions

Rating	Definition
Substantial Assurance	<p>Substantial assurance that the system of internal control is designed to achieve the service's objectives and this minimises risk.</p> <p>The controls tested are being consistently and effectively applied. Recommendations, if any, are of an advisory nature (1 star) to further strengthen control arrangements.</p>
Reasonable Assurance	<p>Reasonable assurance that the system of internal control is designed to achieve the service's objectives and minimise risk. However, some weaknesses in the design or inconsistent application of controls put the achievement of some objectives at risk.</p> <p>There are some areas where controls are not consistently and effectively applied and / or are not sufficiently developed. Recommendations are no greater than medium (2 star) priority.</p>
Partial Assurance	<p>Partial assurance where weaknesses in the design or application of controls put the achievement of the service's objectives at risk in a significant proportion of the areas reviewed.</p> <p>There are significant numbers of areas where controls are not consistently and effectively applied and / or are not sufficiently developed. Recommendations may include high priority (3 star) and medium priority (2 star) matters.</p>
No Assurance	<p>Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes service objectives to an unacceptable level of risk.</p> <p>There is significant non-compliance with basic controls which leaves the system open to error and / or abuse. Recommendations will include high priority (3 star) matters and may also include medium priority (2 star) matters.</p>

Internal Audit Performance Indicators

Performance Indicator	Target	Jun to Aug 2021	Sep to Oct 2021	Nov 2021	Dec to Feb 2022	Mar to May 2022
Draft reports issued within 15 working days of field work being completed.	90%	83%	83%	100%	82%	87%
Chargeable Time / Available Time.	80%	84%	78%	78%	78%	79%
Audits completed within planned time	90%	92%	100%	100%	100%	100%
Client Satisfaction Survey.	100%	100%	100%	n/a	100%	100%

Comments received in the Client Satisfaction Surveys

Supportive approach.

The Auditor took the time to understand the section, challenges and current position which everyone involved in the audit appreciated greatly. As Head of Service the pandemic has been extremely stressful and I was very grateful that this audit did not add to the teams stress and anxiety.

Professional constructive challenge.

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Council Report

Audit Committee Meeting – 28th June 2022.

Title

Audit Committee Annual Report 2021/22.

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

No.

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director, Finance and Customer Services.

Report Author(s)

David Webster, Head of Internal Audit

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

Ward(s) Affected

All wards.

Report Summary

The purpose of the Annual Report 2021/22 is to bring together in one document a summary of the work undertaken by the Audit Committee. The production of the report complies with current best practice for audit committees. It allows the Audit Committee to demonstrate it has fulfilled its terms of reference and share its achievements with the Council and is thought useful as a reminder to the organisation of the role of the committee in providing assurance about its governance, risk management and financial and business controls.

The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued guidance to local authorities to help ensure that Audit Committees operate effectively. The guidance recommends that Audit Committees should report annually on how they have discharged their responsibilities. A copy of the draft annual report of this Audit Committee is attached. A copy of the Audit Committee's Terms of Reference is included for information.

Recommendations

The Audit Committee is asked to:

- 1) Note the production of the Audit Committee Annual Report 2021/22.
- 2) Consider and approve the draft report prior to its submission to Council.

List of Appendices Included

Audit Committee Annual Report for 2021/22.

Audit Committee Terms of Reference.

Background Papers

Relevant reports presented to the Audit Committee and minutes of the meetings of the Audit Committee.

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No.

Council Approval Required

Yes.

Exempt from the Press and Public

No.

Audit Committee Annual Report 2021/22

1. Background

- 1.1 The Audit Committee is a key component of corporate governance and provides an important source of assurance about the organisation's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and other performance. The Committee is also responsible for approving the Statement of Accounts and the Annual Governance Statement.
- 1.2 The Committee's specific powers and duties are set out in section 9 of the Constitution under the Terms of Reference of the Audit Committee. A copy of the Terms of Reference is attached for information.
- 1.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) issued guidance to local authorities to help ensure that Audit Committees are operating effectively. The guidance recommends that Audit Committees should report annually on how they have discharged their responsibilities.

2. Work Undertaken during 2021/22

- 2.1 The Audit Committee met on six occasions in the year to 31 March 2022, in accordance with its programme of work. The frequency of meetings ensures the Audit Committee can fulfil its responsibilities in an efficient and effective way.
- 2.2 During this period the Committee assessed the adequacy and effectiveness of the Council's risk management arrangements, control environment and associated counter fraud arrangements through regular reports from officers, the internal auditors and the external auditors.
- 2.3 The Committee sought assurance that action has been taken, or is otherwise planned, by management to address any risk related issues that have been identified during the period. The Committee also sought to ensure that effective relationships continue to be maintained between the internal and external auditors, and between the auditors and management.
- 2.4 The specific work undertaken by the Committee is set out in the report.

3. Options considered and recommended proposal

- 3.1 This report is presented to enable the Audit Committee to fulfil its responsibility for reporting on how they have discharged their duties.

4. Consultation on proposal

- 4.1 None.

5. Timetable and Accountability for Implementing this Decision

5.1 The Audit Committee is asked to receive this report at its June 2022 meeting. Once approved, the report will be presented to Council.

6. Financial and Procurement Advice and Implications

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

7. Legal Advice and Implications

7.1 None.

8. Human Resources Advice and Implications

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

9. Implications for Children and Young People and Vulnerable Adults

9.1 There are no direct implications for Children and Young People and Vulnerable Adults arising from this report.

10. Equalities and Human Rights Advice and Implications

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

11. Implications for Partners

11.1 Partners can be reassured that the Audit Committee is fulfilling its role within RMBC.

12. Risks and Mitigation

12.1 None.

13. Accountable Officer(s)

David Webster, Head of Internal Audit.
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**ROTHERHAM METROPOLITAN
BOROUGH COUNCIL**

**AUDIT COMMITTEE ANNUAL REPORT
2021/22**

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FOREWORD

In commending the 21/22 Audit Committee Annual Report, I would like to thank all the Officers involved in its production, and Grant Thornton, our external auditor. The highlights of the report are testament to their professionalism and the robust governance processes implemented by the Council. I would also like to thank the Members of the Audit Committee, for their invaluable contribution, that has enabled this report to be published.

Cllr J Baker-Rogers, AC Chair June 2022

INTRODUCTION

While there is no statutory obligation to have such an arrangement, Audit Committees are widely recognised as a core component of effective governance and therefore reflect good practice. RMBC's Audit Committee is properly constituted and as such is given sufficient authority and resources by the Council. In effect, the Committee has the right to obtain all the information it considers necessary and to consult directly with senior managers. In line with best practice the Audit Committee can report its observations and concerns directly to the Council.

A local authority has a duty to ensure that it is fulfilling its responsibilities for adequate and effective internal control, risk management and governance, as well as the economy, efficiency and effectiveness of its activities. The Audit Committee has a key role in overseeing and assessing the internal control, risk management and corporate governance arrangements and advising the Council on the adequacy and effectiveness of those arrangements.

This role is reflected in the Committee's Terms of Reference which are given below for information.

The Audit Committee had the following membership during 2021/22:

Member	Jun 2021	Jul 2021	Sep 2021	Nov 2021	Jan 2022	Mar 2022
Cllr Baker-Rogers (Chair)	x	x	x	x	x	x
Cllr Hoddinott (Vice Chair)	x	x				
Cllr Browne (Vice Chair)			x	x	x	
Cllr Cowen (Vice Chair)						x
Cllr Barley	x	x	x	x	x	
Cllr Wilson	x	x	x	x	x	
Cllr Mills						x
Cllr Wooding						x
Cllr Wyatt	x	x	x	x	x	x
Mr Barber (Independent Member)	x	x	x	x	x	x

HIGHLIGHTS OF THE YEAR

There have been many benefits from the work of the committee. The main outcomes and improvements include:

- An unqualified External Audit opinion on the Council's Statement of Accounts, confirming their accuracy and completeness
- The timely sign-off of the accounts to the amended timetable
- An Annual Governance Statement that reflected the developments within the Council
- A positive opinion from the Head of Internal Audit in his Annual Report
- A Risk Management process that is embedded within the Council

SUMMARY OF WORK UNDERTAKEN IN 2021/22.

The Audit Committee completed the following during 2021/22

External Audit – Grant Thornton

- Received and considered a Progress Update and the audit plan to review the financial statements. This included the changes necessary to comply with new auditing standards issued by the Financial Reporting Council and an updated Code of Audit Practice issued by the National Audit Office.
- Received and considered the detailed results of the external auditor's work in relation to the audit of the 2020/21 financial statements of the Council. The Committee was pleased to note that the auditors had given an unqualified audit opinion.
- Received and considered a report detailing the information received from RMBC management which informed Grant Thornton's audit risk assessment.
- Received a report from the Financial Reporting Council giving the results of their review of Grant Thornton's work at RMBC in 2019/20. The Committee was pleased to note that the work was graded at level 2, only limited improvement required, which is an acceptable level.
- Received a report on the re-procurement of external audit by the Public Sector Audit Appointments Ltd after the current contract with Grant Thornton expires at the end of 2022/23. The committee recommended to Council that RMBC opt-in to the PSAA re-procurement exercise.

Internal Audit

- Continued to oversee the internal audit arrangements for the Council. This included approving the review of the Internal Audit Charter which outlines the terms of reference of the department and is aligned to the Public Sector Internal Audit Standards.
- Received and approved the Internal Audit Annual Report for 2020/21. This included the Annual Audit Opinion on the adequacy and effectiveness of the framework of control, risk management and governance within the Council. The Committee was pleased to receive a positive opinion.

- Received and approved the Internal Audit Plan for 2022/23. The plan ensures that internal audit resources are prioritised towards those systems and areas which are considered to be most at risk or which contribute most to the achievement of the Council's corporate objectives. It is designed to enable the Head of Internal Audit to give his opinion at the end of the year, but is flexible to ensure it remains relevant throughout the year.
- Monitored the delivery of the Internal Audit Plan for 2021/22 through regular update reports presented by the Head of Internal Audit. Reviewed variations to the audit plans which were considered necessary to reflect new or changed Council priorities.
- Received and considered the results of internal audit work performed in respect of each Directorate.
- Monitored the progress made by management during the period to address identified control weaknesses.
- Monitored the performance of the Internal Audit team through the regular update reports.
- Received and considered the implementation of the Quality Assurance and Improvement Plan for 2021 and the results of the self-assessment against Public Sector Internal Audit Standards leading to a revised plan for 2022.

Anti-fraud and Corruption

- Received and considered updates to the Anti-Fraud and Corruption Policy and Strategy, including the introduction of an e-learning course for staff.
- Received and considered updates on completed fraud investigations as part of the Internal Audit Progress Reports.

Risk Management

- Continued to oversee the Council's risk management arrangements and strategy, including updates to the strategy and policy.
- Received a summary of risk management activity during 2020/21.
- Reviewed the progress made by the Council to identify and address corporate risks. This included consideration of the Strategic Risk Register twice during the year.
- Assessed the adequacy and effectiveness of each Directorate's risk management arrangements through consideration of the risks and mitigating actions identified in their Risk Registers. Presentations were received from Strategic Directors on their approach to risk management.

Corporate Governance

- Considered changes to the refreshed Code of Corporate Governance prior to approval. The Code reflects the core principles and requirements of the CIPFA/SOLACE 'Delivering Good Governance in Local Government Framework'.

- Considered the draft and final Annual Governance Statement for 2020/21 on behalf of the Council, showing how the Council complied with the Code of Corporate Governance and highlighting areas of continued progress.
- Produced its own Annual Report for 2020/21 setting out the work undertaken by the committee.
- Received and considered at each meeting its own forward plan for the year ahead, ensuring that all relevant areas are covered during the year.
- Members completed a self-assessment against CIPFA Guidance for Local Authority Audit Committees. This will be used to inform an ongoing training programme for them.

Finance

- Considered the unaudited draft Statement of Accounts for 2020/21.
- Considered and approved the Statement of Accounts for 2020/21 on behalf of the Council.
- Received and considered a report on the final accounts closedown and accounting policies updates for 2021/22. A second closedown report showed the timetable for reporting the accounts.
- Continued to review the Council's Treasury Management arrangements. This included reviewing the Annual Treasury Management Report for 2020/21 which covered the actual Prudential Indicators, and the Mid-Year Monitoring Report which included the actual and proposed treasury management activity.

Other

- Received and considered two update reports on progress made to implement recommendations arising from external audits, inspections and reviews.
- Received and considered reports on the Council's use of surveillance and acquisition of communication data powers under the Regulation of Investigatory Powers Act 2000 (RIPA). There had been no usage of these powers by the Council during 2020/21.
- Received an annual report on Information Governance, including compliance with GDPR and the Data Protection Act.
- Received a report on procurement, including the update to Contract Procedure Rules introduced during the year and the training provided to officers by the Procurement team.

TRAINING AND DEVELOPMENT

There were a number of new members to the Committee during the year. They each received induction training covering the main role and areas of responsibility of the Committee. In addition training or a briefing was offered before most meetings based on the papers to be presented to the Committee and the results of the self-assessment.

TERMS OF REFERENCE 2021/22

Committee Size

To comprise:-

- Five Councillors, none of which are members of the Cabinet.
- One person who is not a councillor or officer of the Council (independent member).

Statement of purpose

- 1 The Audit Committee is a key component of RMBC's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- 2 The purpose of the audit committee is to provide independent assurance to the Council of the adequacy of the risk management framework and the internal control environment. It provides independent review of RMBC's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, risk and control

- 3 To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider RMBC's code of governance.
- 4 To review the Annual Governance Statement (AGS) prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
- 5 To approve the final AGS for publication.
- 6 To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- 7 To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
- 8 To monitor the effective development and operation of risk management in the council.
- 9 To monitor progress in addressing risk-related issues reported to the committee.
- 10 To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 11 To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- 12 To monitor the counter-fraud strategy, actions and resources.
- 13 To review the governance and assurance arrangements for significant partnerships or collaborations.

Internal audit

- 14 To approve the Internal Audit Charter.
- 15 To approve the risk-based Internal Audit Plan, including Internal Audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.

- 16 To approve significant interim changes to the risk-based Internal Audit Plan and resource requirements.
- 17 To make appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations.
- 18 To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Head of Internal Audit. To approve and periodically review safeguards to limit such impairments.
- 19 To approve the internal or external assessments of Internal Audit against Public Sector Internal Audit Standards. This will include:-
 - regular reports on the results of the Quality Assurance and Improvement Programme (QAIP).
 - reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN), considering whether the non-conformance is so severe that it must be included in the AGS
- 20 To consider reports from the Head of Internal Audit on Internal Audit's performance during the year. These will include updates on the work of Internal Audit including:-
 - progress against the plan
 - key findings and issues of concern
 - action in hand as a result of internal audit work
 - performance indicators
- 21 To approve the Head of Internal Audit's annual report:-
 - The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement.
 - The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion.
- 22 To consider summaries of specific Internal Audit reports.
- 23 To receive reports outlining the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- 24 To contribute to the QAIP and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
- 25 To provide free and unfettered access to the Audit Committee Chair for the Head of Internal Audit, including the opportunity for him/her to meet privately with the committee.

External audit

- 26 To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by Public Sector Audit Appointments (PSAA).
- 27 To approve the external auditor's annual plan
- 28 To approve any revisions to the external auditor's plan
- 29 To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- 30 To consider specific reports as agreed with the external auditor.
- 31 To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 32 To commission work from internal and external audit.

- 33 To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Financial reporting

- 34 To receive the draft annual statement of accounts following approval by the s151 Officer. Specifically, to consider whether appropriate accounting policies have been followed.
- 35 To approve the final audited annual statement of accounts for publication. Specifically to consider whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
- 36 To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
- 37 To deal with any matters referred to the Committee by the Strategic Director Finance and Customer services in relation to his/her responsibilities under section 151 of the Local Government Act 1972.

Treasury Management

- 38 To review treasury management policy, strategy and procedures and to be satisfied that controls are satisfactory
- 39 To receive annual reports on treasury management, specifically the outturn report and the mid-year report
- 40 To review the treasury risk profile and adequacy of treasury risk management processes
- 41 To review assurances on treasury management, for example an internal audit report, external audit report or other review.

Accountability arrangements

- 42 To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.
- 43 To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
- 44 To submit a report on the work of the committee to the Council on an annual basis.

Committee Name and Date of Committee Meeting:

Audit Committee – 28th June 2022

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).

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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 Advice and 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 CO2 Emissions and Climate Change

11.1 There are no direct CO2 and Climate Change implications arising from the report.

12. Implications for Partners

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

13. Risks and Mitigation

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

14. Accountable Officer:

David Webster, Head of Internal Audit
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Audit Committee Forward Work Plan

Meeting Date	Key Responsibility	Agenda Item	Author
July 2022		Training – Statement of Accounts	
	Financial Reporting	Draft Statement of Accounts	Rob Mahon
	Governance Risk and Control	Draft Annual Governance Statement	Judith Badger
	Governance Risk and Control	External Audit Progress Update	Grant Thornton / Rob Mahon
	Treasury Management	Annual Treasury Management	Rob Mahon
	Governance Risk and Control	Dedicated Schools Grant	Neil Hardwick
	Governance Risk and Control	Review of Surveillance and use of Regulation of Investigatory Powers	Bal Nahal
	Governance Risk and Control	Strategic Risk Register	Simon Dennis
	Governance Risk and Control	External Audit and Inspection Recommendations	Simon Dennis
Audit Committee Accountability	Audit Committee Forward Work Plan	David Webster	

Meeting Date	Key Responsibility	Agenda Item	Author
September 2022		Training	
	Financial Reporting	Final Statement of Accounts (Unaudited)	Rob Mahon
	Governance Risk and Control	Final AGS (Unaudited)	Judith Badger
	Internal Audit	IA Charter review and update	David Webster
	Internal Audit / Governance Risk and Control	IA Progress Report	David Webster
	Governance Risk and Control	Information Governance Annual Report	Paul Vessey
	Governance Risk and Control	Risk Management Directorate Presentation – Assistant Chief Executive	Jo Brown
	Governance Risk and Control	Anti-Fraud and Corruption Policy and Strategy review and update	David Webster
Audit Committee Accountability	Audit Committee Forward Work Plan	David Webster	

Meeting Date	Key Responsibility	Agenda Item	Author
November 2022		Training	
	External Audit	External Audit Findings (ISA 260)	Grant Thornton / Rob Mahon
	Treasury Management	Mid-Year Report on Treasury Management	Rob Mahon
	Governance Risk and Control	Code of Corporate Governance	Simon Dennis
	Governance Risk and Control	Risk Management Strategy and Policy	Simon Dennis
	Governance Risk and Control	Risk Management Directorate Presentation – Regeneration and Environment	Paul Woodcock
	Internal Audit / Governance Risk and Control	IA Progress Report	David Webster
	Audit Committee Accountability	Audit Committee Forward Work Plan	David Webster

Meeting Date	Key Responsibility	Agenda Item	Author
January 2023	Financial Reporting	Training	Rob Mahon
	External Audit	Final Accounts closedown and accounting policies	Grant Thornton / Rob Mahon
	Governance Risk and Control	Value for Money Opinion	Simon Dennis
	Governance Risk and Control	External Audit and Inspection recommendations	Simon Dennis
	Governance, Risk and Control	Strategic Risk Register	Judith Badger
	Internal Audit / Governance Risk and Control	Risk Management Directorate Presentation – Finance and Customer Services	David Webster
	Audit Committee Accountability	IA Progress Report	David Webster
		Audit Committee Forward Work Plan	David Webster

Meeting Date	Key Responsibility	Agenda Item	Author
March 2023	Internal Audit	Training	
	Internal Audit	IA Annual Plan	David Webster
	Internal Audit / Governance Risk and Control	IA Progress Report	David Webster
	Governance Risk and Control	Procurement Update	Karen Middlebrook
	Governance Risk and Control	Dedicated Schools Grant	Neil Hardwick
	Governance Risk and Control	Risk Management Directorate Presentation – Children and Young People’s Service	Suzanne Joyner
	Internal Audit	Public Sector Internal Audit Standards	David Webster
	Internal Audit	Internal Audit Quality Assurance and Improvement Plan	David Webster
Audit Committee Accountability	Audit Committee Forward Work Plan	David Webster	

Meeting Date	Key Responsibility	Agenda Item	Author
June 2023	<p>External Audit</p> <p>Governance Risk and Control</p> <p>Governance Risk and Control</p> <p>Internal Audit / 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>External Audit Progress Update</p> <p>Review of Surveillance and use of Regulation of Investigatory Powers</p> <p>Risk Management Annual Report</p> <p>IA Progress Report</p> <p>Internal Audit Annual Report</p> <p>Audit Committee Annual Report</p> <p>Risk Management Directorate Presentation – Adult Care Housing and Public Health</p> <p>Audit Committee Forward Plan</p>	<p>Grant Thornton / Rob Mahon</p> <p>Bal Nahal</p> <p>Simon Dennis</p> <p>David Webster</p> <p>David Webster</p> <p>David Webster</p> <p>Ian Spicer</p> <p>David Webster</p>

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