

AUDIT COMMITTEE

- Date and Time :-** Tuesday 26 September 2023 at 2.00 p.m.
- Venue:-** Rotherham Town Hall, Moorgate Street, Rotherham. S60 2TH.
- Membership:-** Councillor Baker-Rogers (Chair); Councillors Browne (Vice-Chair), Elliott, Mills 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. Declarations of Interest

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

3. Exclusion of the Press and Public

To determine whether the following items should be considered under the categories suggested in accordance with Part 1 of Schedule 12A (as amended 2006) of the Local Government Act 1972:-

The following items are exempt from the press and public:-

Agenda Item No. 8 (Internal Audit Progress Report – Appendix C is exempt under Paragraph 7 (Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime)).

Agenda Item No. 9 (Risk Management Summary 2022-23 and Corporate Strategic Risk Register – Appendices 1 and 2 are exempt under Paragraph 3 (information relating to the financial or business affairs of any particular person (including the Council)).

Agenda Item 12 (Assistant Chief Executive's Directorate Risk Register) is exempt under Paragraph 7 (Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime)

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 items of business on the grounds that it involves the likely disclosure of exempt information as defined in the paragraphs indicated of Part 1 of Schedule 12(A) of such Act indicated, as now amended by the Local Government (Access to Information) (Variation) Order 2006.

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. Minutes of the previous meeting held on 7th August, 2023 (Pages 5 - 12)

To consider and approve the minutes of the previous meeting held on (insert date) as a true and correct record of the proceedings.

6. Update on Statement of Accounts 2022/23 (Pages 13 - 16)

7. Final Annual Governance Statement (Pages 17 - 41)

8. Internal Audit Progress Report (Pages 43 - 63)

9. Risk Management Annual Summary 2022-2023 and Corporate Strategic Risk Register Update (Pages 65 - 87)

10. Anti-Fraud and Corruption Policy and Strategy Review and Update (Pages 89 - 137)

11. Audit Committee Forward Work Plan (Pages 139 - 147)

12. Assistant Chief Executive - Risk Management Directorate Presentation (Pages 149 - 164)

13. Items for Referral for Scrutiny

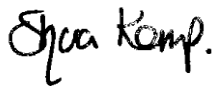
To consider the referral of matters for consideration by the Overview and Scrutiny Management Board.

14. Urgent Business

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

15. Date and time of next meeting

The next meeting of the Audit Committee will be held on Tuesday, 28th November, 2023, commencing at 2.00 p.m. in Rotherham Town Hall.

A handwritten signature in black ink that reads "Sharon Kemp". The signature is written in a cursive, flowing style.

SHARON KEMP,
Chief Executive.

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AUDIT COMMITTEE
7th August, 2023

Present:- Councillor Baker-Rogers (in the Chair); Councillor Wyatt and Mr. J. Barber (Independent Person).

Also in attendance was Thilina De Zoysa (Grant Thornton, External Auditor).

Apologies for absence were received from Councillors Browne, Elliott and Mills.

1. MINUTES OF THE PREVIOUS MEETING

Consideration was given to the minutes of the previous meeting of the Audit Committee held on 7th June, 2023.

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

2. DECLARATIONS OF INTEREST

There were no Declarations of Interest made at the meeting.

3. QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS

There were no members of the public or press present at the meeting nor had any questions being received in advance of the meeting.

4. EXCLUSION OF THE PRESS AND PUBLIC

There were no items that necessitated that exclusion of any members of the press and public.

5. ITEMS FOR REFERRAL FOR SCRUTINY

There were no items for referral.

6. TREASURY MANAGEMENT OUTTURN 2022-23 AND SUMMARY PRUDENTIAL INDICATORS

Consideration was given to the report presented by the Assistant Director Financial Services, Rob Mahon, which detailed how the Council approved the Treasury Management Strategy in March, 2022 and received a mid-year report in November 2022, representing a mid-year review of treasury activity during 2022/23.

The Annual Treasury Management report was the final treasury report for 2022/23. Its purpose was to review the treasury activity for 2022/23 against the Strategy agreed at the start of the year.

The report also covered the actual Prudential Indicators for 2022/23 in accordance with the requirements of the Prudential Code. Presentation of the report met the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

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

Appendix 1 of the report submitted gave a summary of the Prudential Indicators for the Council.

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

- The Bank of England increased interest rates to control inflation. This had resulted in a significant increase in investment returns during 2022/23 and the Council's short term borrowing costs significantly reduced as it had not needed to borrow or borrow in the high interest rate market. However, it did make it challenging to forecast and would be kept under close observation
- The Council had invested with Central Government in the last financial year as it had cash balance available. However, it did not provide a good return and was the last port of call for investment and would expect to invest in other markets first

Resolved:- That the Financial Outturn 2022/23 – Treasury Management and Prudential Indicators - be noted.

7. DEDICATED SCHOOL GRANT - CENTRAL RESERVE

Further to Minute No. 23 of 28th July, 2022, Nathan Heath (Assistant Director CYPS) supported by Neil Hardwick (Head of Finance CYPS), presented an update report outlining the current and projected overspend on the Dedicated Schools Grant (DSG) and the recovery plans in place to enable Rotherham to operate within its annual allocation and reduce the deficit over future years. The report also outlined the national picture on the High Needs Block as part of the overall Dedicated Schools Grant and the additional funding the Government was investing in education as part of its spending review.

During recent years, Rotherham had faced growing pressure on the High Needs Budget resulting in year on year deficits of circa £5m. Following implementation of the DSG Management Plan (which included continuing to transfer monies from the Schools Block), the annual pressures had significantly reduced with an in-year DSG deficit of £1.37m in 2020/21. This was further reduced to a £0.11m deficit in 2021/22 and an overall deficit of £21.26m (before taking account of Safety Valve funding).

Following significant negotiations between the Council and the Department for Education (DfE), a Safety Valve Intervention Agreement was agreed to support Rotherham to address its long term issues linked to High Needs funding deficit. Ongoing monitoring had taken place across the implementation of Rotherham's Safety Valve Agreement with quarterly meetings held between the DfE and the Authority to both support delivery and hold accountability of the Agreement as well as submission of a financial and narrative return.

Rotherham remained on track to meet all requirements of the Agreement at the end of the 2022/23 financial year. The DSG had moved from a deficit position of £12.84m at the end of 2021/22 to a deficit of £5.93m at the end of 2022/23, a reduction of £6.91m with £6m from Safety Valve funding and £910,000 from an in-year saving.

Discussion ensued with the following issues raised/clarified:-

- Some of the pressures were external e.g. cost of living, pay awards etc. which had an impact and were subject to the DfE reflecting such and awarding appropriate funding uplifts.
- The aim was to develop local provision in an attempt to manage the demands and cost of the provision currently provided in order to achieve better value for money. However, the SEND population was growing year on year
- The SEND Sufficiency Phase 4 delivery of the SEND Resource base education provisions in mainstream schools was on track for delivery. SEN resource bases were provisions attached to mainstream schools providing specialist therapeutic input and support for pupils with a specific SEND need
- There were distinct pressures for special schools including the availability of staff which was a specific challenge. The specialism of provision against demand and growth did not just sit in the Rotherham centric; South Yorkshire and the Humber, to some extent, provided some challenge as there were a lot of children from other South Yorkshire local authorities placed in Rotherham schools
- There was confidence in the Strategy going forward but mindful that there were a number of variable factors as stated above
- Prior to Rotherham entering into the High Needs Safety Valve, there was a very clear strategic plan set against re-forecasting profile towards the funding that supported mainstream inclusion and less around incremental increase in specialist provision. The 9 actions in the DSG Management Plan had been worked through in discussion with the DfE and had generated the strategic intent. It had been superseded in some ways by the Government's response to the SEN Green Paper, however, there was nothing that was out of sync with Rotherham's plan

- There was strong buy-in from primary schools for inclusion. Where a child was at risk of exclusion, an Inclusion Panel would meet made up of Head Teachers and multi-agency professionals with the School concerned presenting the information. There were no parent/carers included but were fully consulted

Resolved:- (1) That the actions being taken to manage the Dedicated School Grant deficit in Rotherham be noted.

(2) That the additional funding allocated to Rotherham through the Department for Education's Safety Valve Programme be noted.

8. RISK MANAGEMENT ANNUAL REPORT AND STRATEGIC RISK REGISTER

With the Chair's agreement, this item was deferred until the September meeting.

9. EXTERNAL INSPECTIONS, REVIEWS, AND AUDITS UPDATE

Consideration was given to a report, presented by Tanya Lound, Corporate Improvement and Risk Officer, providing details of recent external inspections, reviews and audits as well as a summary of progress against the recommendations from all external inspections, reviews and audits setting out details of arrangements for ensuring the accountability and governance around their implementation. As previously requested by the Committee (Minute No. 66 of 10th January, 2023 refers), a rating system had been applied and included in the report.

Since the last report to Committee in January, 2023, 9 external inspections, reviews and audits had taken place resulting in 14 recommendations/areas for improvement 6 of which were complete and 8 in progress. The outcome was not yet known for one of the audit reviews conducted.

In addition, 29 of the ongoing recommendations relating to external inspections, reviews and audits that took place prior to January 2023 were now completed, 47 were in progress, 5 of which were delayed, and 4 required no further action/did not require adjustment.

The report included detail of progress being made in respect of the following specific areas and Directorates together with a verbal update on the outstanding recommendations:-

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

It was also noted that the outcome of the Corporate Peer Challenge would be presented to Cabinet in September.

Monica Green, Assistant Director CYPS, was also in attendance to answer any specific questions relating to her areas of responsibility.

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

- The format of the submitted report was much improved
- The Ofsted inspection framework did not allow for any children's home to be anything other than Good in the first 12 months. Liberty House was a short break facility
- Work was taking/had taken place with the Youth Justice Service and assurance provided that the 13 areas of improvement had been completed
- A report had been received regarding the Corporate Peer Challenge the findings of which were being worked through with the LGA. An action plan was being developed and would be submitted with the final findings to Cabinet

Resolved:- (1) That, the recent external inspections, reviews and audits which have taken place and the progress made relating to ongoing recommendations, be noted.

(2) That the governance arrangements in place for monitoring and managing the recommendations be noted.

(3) That regular reports continue to be submitted to the Audit Committee.

10. REVIEW OF SURVEILLANCE AND USE OF REGULATION OF INVESTIGATORY POWERS

Bal Nahal, Head of Legal Services, presented an update on the Council's use of surveillance and acquisition of communication data powers under the Regulation of Investigatory Powers Act 2000 (RIPA) and the Investigatory Powers Act 2016 (IPA).

As previously with the Office of Surveillance Commissioners (OSC), the Council was required to notify the Investigatory Powers Commissioners Office of the number of directed surveillance/CHIS authorisations granted in each financial year. Since the last report, the Council had not used its powers under RIPA to use directed surveillance, covert human intelligence sources or to acquire communications data. A statistical return was completed and submitted to the Investigatory Powers Commissioners Office (IPCO) on 25th January, 2023.

The last inspection by the IPCO was a desk top inspection on 7th July, 2020, which had recommended training to all officers who may be involved with RIPA authorisations. External training was provided to all officers involved or likely to be involved in the use of the powers provided

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under the RIPA legislation on 3rd March, 2022. More recently, and to ensure that this training was up-to-date and new staff joining were aware of their roles, a further session was held on 13th and 14th June, 2023. The purpose of this was to further reduce any potential risk arising from any unauthorised activity.

In accordance with the revised Home Office Codes of Practice, the use of RIPA and review of the Policy was reviewed and re-adopted by the Audit Committee on 28th July, 2022. Minor changes had been made to the policy consisting of minor changes to personnel and references to revised Codes of Practice.

It was noted that the powers were used by councils who conducted a lot of Trading Standards investigations whereby covert intelligence was used. Of the 3 neighbouring authorities, Sheffield used them the most often.

Training was provided to all officers who were likely to use the powers to gain an understanding of their impact.

Resolved:- (1) That the Audit Committee note that the Council had not made use of surveillance or acquisition of communication data powers under the relevant legislation since it was last reported on 9th February, 2022.

(2) That the RIPA Policy with the minor amendments relating to personnel and references to the Code of Practice be approved.

11. AUDIT COMMITTEE ANNUAL REPORT 2022/23

Consideration was given to a report presented by David Webster, Head of Internal Audit, which summarised the work undertaken by the Audit Committee. Production of this report complied with current best practice for audit committees. It allowed the Audit Committee to demonstrate it had fulfilled its terms of reference and shared its achievements with the Council.

The Audit Committee Annual Report 2021/22 included details of the Committee membership during that period, a summary of the work undertaken, information on any training and development undertaken along with listing the Committee's Terms of Reference. The updated Terms of Reference had been approved at Council on 19th July, 2023 (Minute No. 219 refers).

Resolved: That the draft Audit Committee Annual Report 2022/23 be approved for submission to Council.

12. INTERNAL AUDIT PROGRESS REPORT

Consideration was given to a report presented by David Webster, Head of Internal Audit, which provided a summary of Internal Audit work completed during 1st May to 30th June, 2023, and the key issues that had arisen therefrom.

The current position with regard to the revised plan was outlined in Appendix A to the report. Several audits had been added to the 2022/23 plan as a result of planning meetings with Directorate Leadership Teams resulting in some audits within that plan being delayed which in turn had a knock-on effect on the 2023/24 plan. The new plan for 2023/24, attached at Appendix A, still provided sufficient coverage for the Head of Internal Audit to provide their annual opinion at the end of the year.

8 audits had been finalised since the last Committee meeting 7 of which had received Substantial or Reasonable Assurance and one with Partial Assurance as set out in Appendix B to the report.

Internal Audit's performance against a number of indicators was summarised in Appendix C. All targets had been met apart except for the time taken to issue draft reports where 2 audits had been marginally over the target time.

It was noted that there were presently 11 actions that had been deferred from their original due dates 9 of which related to Rothercare where the service was working on a new business operating model. The position would be monitored and any issues reported.

Resolved:- (1) That the Internal Audit work undertaken between 1st May to 30th June, 2023, and the issues that had arisen therefrom, 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.

13. AUDIT COMMITTEE FORWARD WORK PLAN

Consideration was given to the proposed forward work plan for the Audit Committee covering the period September, 2023 to July, 2024.

It was noted that Risk Management Annual Report and Strategic Risk Register, deferred from today's meeting, would be considered at the September meeting.

Resolved: That the Audit Committee forward work plan be approved subject to the above inclusion.

14. URGENT BUSINESS

There was no urgent business to consider.

15. DATE AND TIME OF NEXT MEETING

Resolved:- That a further meeting be held on Tuesday, 26th September, 2023, commencing at 2.00 p.m. in Rotherham Town Hall.

Committee Name and Date of Committee Meeting

Audit Committee – 26 September 2023

Report Title

Update on Statement of Accounts 2022/23

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)

Owen Campbell (Head of Corporate Finance)
Finance & Customer Services Directorate
01709 822098 owen.campbell@rotherham.gov.uk

Ward(s) Affected

Borough-Wide

Report Summary

Under the Accounts and Audit Regulations 2015, local authorities were required to publish their unaudited accounts no later than 31 May 2023, for the financial year 2022/23, accompanied by a Narrative Report and draft Annual Governance Statement. The deadline for the final publication of the Council's audited accounts is 30th September 2023.

Grant Thornton are unable to conclude the audit of the accounts by 30th September. This was confirmed to Audit Committee on 7th June as part of their Audit Plan and reflects ongoing national challenges in public sector audit services.

As such, the Council is not able to present an audited set of accounts to the Audit Committee, nor a final or draft ISA 260 report as insufficient progress has been made to date on the audit to allow for this. This report provides an update on the Draft Statement of Accounts 2022/23 and any amendments identified as part of the ongoing audit.

The external audit will continue and once that has been completed, a final audited Statement of Accounts, Narrative Report and ISA260 will be brought to Audit Committee for consideration.

At this point Grant Thornton are not able to confirm their audit opinion on the Statement of Accounts.

Grant Thornton are not able to confirm their audit opinion in respect of the Council's value for money arrangements.

Recommendations

1. Note the progress on the audit of the Statement of Accounts 2022/23
2. Note that the audited Statement of Accounts, Narrative Report and ISA260 will be brought to a future Audit Committee for review once Grant Thornton have completed their audit work.

List of Appendices Included

None

Background Papers

CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23
Accounts and Audit Regulations 2015
Audit Committee meeting – 14 March 2023

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Closure of the Accounts 2022/23

1. Background

- 1.1 At the Audit Committee meeting on 7th June 2023 members received Grant Thornton's Audit Plan for 2022/23 which set out the audit approach Grant Thornton planned to take to discharge their audit objectives and the risks they had identified in relation thereto. Grant Thornton indicated that they would not be able to meet the statutory deadline for publishing the audited accounts. The Audit Plan stated a target date of 30th November 2023 for the Audit Opinion.
- 1.2 In order to complete the audit process in compliance with the Accounts and Audit Regulations 2015, the Audit Committee, as the body charged with governance within the Council, is required to formally resolve that the Statement of Accounts and Narrative Report be approved for publication. The period for local electors to exercise their rights to ask questions of the auditor or to raise a formal objection that an item of account is unlawful has expired. However, as the external audit of the accounts has not been completed the Council cannot present to members an audited set of accounts with an audit opinion for consideration.
- 1.3 Should any material issues be identified as part of the ongoing external audit of the accounts, leading to a change in the accounts being required then Audit Committee will be updated on that change at the point the external audit completes and the ISA260 report is presented for consideration.

2. Key Issues

- 2.1 A number of minor amendments to the Draft Statement of Accounts have been agreed to date but none of these have any impact to the useable reserves of the Council. These will be incorporated into the final Statement of Accounts before Grant Thornton is planning to give the audit opinion.
- 2.2 At this point Grant Thornton are not able to confirm their audit opinion on the Statement of Accounts or the value for money arrangements.

3. Options considered and recommended proposal

There is no discretion on whether to comply with the Code of Practice on Local Authority Accounting or the Accounts and Audit Regulations 2015. The purpose of the recommendations is for Audit Committee to meet its responsibilities in relation to the closure of the accounts.

4. Consultation on proposal

- 4.1 Close liaison continues to be maintained with the Council's External Auditors to ensure that complex accounting issues and action taken in response to changes to the local authority accounting framework are agreed in advance of the financial statements being prepared.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The statutory deadline for publishing the audited financial statements is 30th September 2023.

6. Financial and Procurement Advice and Implications

- 6.1 There are no financial or procurement implications directly associated with this report, other than continuing to produce good quality financial statements and supporting working papers which meet Grant Thornton's expectations and will help to minimise the audit fee.

7. Legal Advice and Implications

- 7.1 None, other than ensuring compliance with the requirements of the Accounts and Audit Regulations 2015.

8. Human Resources Advice and Implications

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

9. Implications for Children and Young People and Vulnerable Adults

- 9.1 There are no implications arising from the proposals to Children and Young People and Vulnerable Adults.

10. Equalities and Human Rights Advice and Implications

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

11. Implications for CO2 Emissions and Climate Change

- 11.1 No direct implications.

12. Implications for Partners

- 12.1 There are no other implications arising from this report to Partners.

13. Risks and Mitigation

- 13.1 Robust project management arrangements have been put in place to ensure that the timetable is adhered to and quality standards met.

14. Accountable Officer(s)

Judith Badger (Strategic Director of Finance & Customer Services)

Report Author: Owen Campbell (Head of Corporate Finance)
Finance & Customer Services Directorate
01709 822098 owen.campbell@rotherham.gov.uk

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

Council Report

Audit Committee Meeting – 26th September 2023.

Title

Annual Governance Statement 2022/23.

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

Simon Dennis, Corporate Improvement and Risk Manager

Tel: 01709 822114 Email: simon.dennis@rotherham.gov.uk

Ward(s) Affected

All wards.

Report Summary

On the 7th June 2023 the Audit Committee reviewed the Council's draft Annual Governance Statement (AGS) for the 2022/23 financial year. The draft AGS was published alongside the Council's draft financial statements and is presented here alongside the final (unaudited) financial statements. There has been one change to the AGS since the draft was produced and this relates to the publication of the Local Government Association's Corporate Peer Challenge on 4th September 2023. This report also briefly reminds the Committee of the process that was followed to construct the AGS. The full AGS is attached to this report as Appendix A.

Recommendations

The Audit Committee is asked to:

1. Agree the final 2022/23 Annual Governance Statement
2. Note that following the Audit Committee's approval of the AGS, the Leader and Chief Executive will be asked to sign the statement to confirm the Council's approval of it.

List of Appendices Included

Annual Governance Statement 2022/23.

Background Papers

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

Audit Committee Report 29th November 2022 "Code of Corporate Governance"

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No.

Council Approval Required

No.

Exempt from the Press and Public

No.

Annual Governance Statement 2022/23**1. Background**

- 1.1 The Accounts and Audit Regulations require the Council to produce an Annual Governance Statement (AGS) alongside its Statement of Accounts in each financial year. The AGS is a statutory document which explains the processes and procedures in place to enable the Council to carry out its functions effectively. Local Authorities are required to prepare an AGS in order to report publicly on the extent to which they comply with their own Local Code of Governance. The draft 2022/23 AGS was published on 31st May 2023 and the final will be published by 30th September 2023.
- 1.2 The Committee will recall that a process to gather assurances and evidence to support the AGS was led by the Corporate Governance Group, chaired by the Strategic Director Finance and Customer Services. The Group included the Head of Internal Audit and the Corporate Improvement and Risk Manager. The AGS has also been reviewed and has received input from the Monitoring Officer.
- 1.3 The assurance and evidence process produced a strong evidence base and enabled the Council to have confidence in the statements that it is making in the AGS.
- 1.4 Although the AGS relates to 2022/23, it has to be up to date at the time of publication and must include any planned changes in the coming year. There has only been one change to the AGS considered by the Committee on 7th June. This relates to the publication of the Local Government Association's (LGA) Corporate Peer Challenge on 4th September 2023 and is included in section 6 of the AGS.

2. Process to construct the 2022/23 AGS

- 2.1 In constructing the AGS for 2022/23, the Council has assembled sufficient evidence to support the statements that it has made. To achieve this, each Strategic Director was asked to oversee a self-assessment of governance in their Directorate. This comprised the completion of a self-assessment form based on the Principles and Sub-principles in the Code of Corporate Governance by each Assistant Director as well as a review and update of the detailed issues raised in the 2021/22 AGS. Each Strategic Director and Assistant Director was also required to sign a Statement of Assurance which was based on the information arising from their review of current and previous governance issues.
- 2.2 Each Directorate returned the required Statements of Assurance and supporting documents and the Corporate Governance Group has reviewed the evidence contained in them. Additionally, the Group has considered which issues are of sufficient significance to require reporting in the AGS. The Group then produced the AGS itself, which was reviewed by the Strategic Director Finance and Customer Services, the Chief Executive and the Monitoring Officer.
- 2.3 The AGS outlines the governance arrangements in place throughout the year and how their effectiveness was monitored. The AGS recognises the improvements made in the Council's performance throughout the financial year but also highlights a number of areas for further developments in 2023/24.

- 2.4 The AGS outlines the governance arrangements in place throughout the year and how their effectiveness was monitored.
- 2.6 The Committee are invited to comment on any aspect of the Annual Governance Statement attached to this report at Appendix A.
- 2.7 The AGS will be published by 30th September, taking account of any further comments made by the Audit Committee.

3. Options considered and recommended proposal

- 3.1 This paper considers the final AGS for 2022/23. As a result, no specific options have been considered.

4. Consultation on proposal

- 4.1 All Strategic Directors have been asked for their input into the AGS process through the submission of signed Statements of Assurance.
- 4.2 The final AGS has been reviewed by the Strategic Director Finance and Customer Services and the Chief Executive.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The Audit Committee is asked to receive this report at its September 2023 meeting.
- 5.2 The Corporate Governance Group will ensure that the final AGS is published by 30th September 2023.

6. Financial and Procurement Advice and Implications

- 6.1 There are no direct financial implications other than the requirement to publish the AGS alongside the Council's Annual Finance Statements. There are no procurement issues.

7. Legal Advice and Implications

- 7.1 There are no direct legal implications arising from this report, although it is a statutory requirement for an AGS to be published alongside the Council's Financial Statements. This report endeavours to set out how the Council intends to comply with that requirement.

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 Any implications for the Children and Young People's Service and Adults Services are set out in the AGS attached at appendix A.

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 There are no direct implications for our Partners in this report. The AGS has been constructed following consultation with all Directorates. Individual directorates are responsible for implementing action to respond to weaknesses identified in the AGS

12. Risks and Mitigation

12.1 The AGS is expected to be completed each year to sit alongside the Financial Statements. The risk of failing to produce an AGS has been considered and, although this is a remote risk resources are in place to ensure that a complete and accurate AGS is delivered on time.

13. Accountable Officer(s)

Judith Badger (*Strategic Director of Finance and Customer Services*)

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ROTHERHAM METROPOLITAN BOROUGH COUNCIL

Annual Governance Statement 2022/23

ROTHERHAM MBC ANNUAL GOVERNANCE STATEMENT 2022/23

1 SCOPE OF RESPONSIBILITY

- 1.1 Rotherham Metropolitan Borough Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness (the Best Value duty).
- 1.2 In discharging its overall responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and ensuring there are effective arrangements in place for the management of risk.
- 1.3 The Council has a Code of Corporate Governance in line with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government.
- 1.4 This Annual Governance Statement meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement.

2 THE GOVERNANCE FRAMEWORK

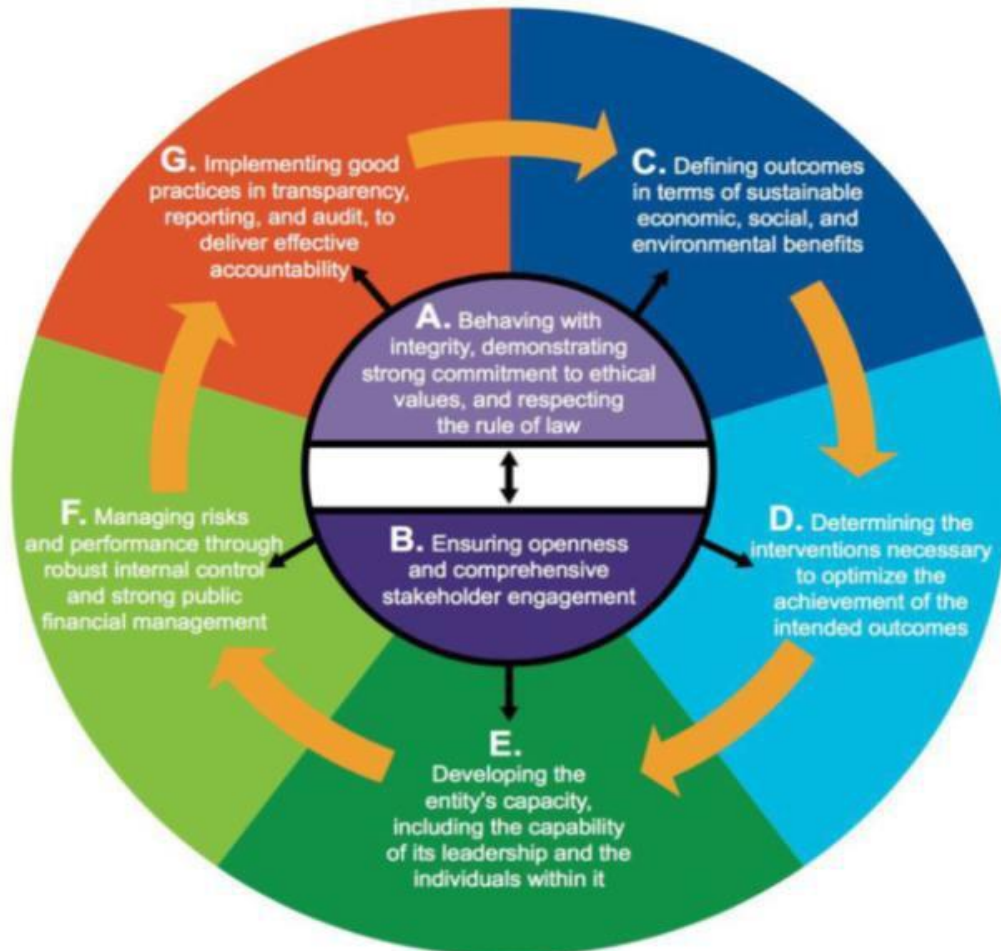
- 2.1 The Council's general governance arrangements include a range of policies, procedures and activities that are designed to be consistent with the expectations for public sector bodies. They are drawn together by the Council's Code of Corporate Governance which was refreshed and approved by the Audit Committee in November 2022.
- 2.2 The Council's overall strategic direction is determined by the Council Plan 2022-2025 and the Year Ahead Delivery Plan 2022. These were approved in January 2022, with the Year Ahead Delivery Plan 2022 being framed around five themes:
 - Every Neighbourhood Thriving
 - People are Safe, Healthy and Live Well
 - Every Child Able to Fulfil Their Potential
 - Expanding Economic Opportunity
 - A Cleaner, Greener Local Environment

- 2.3 The Council Plan and associated Year Ahead Delivery Plan form the basis of the strategic direction of the Council throughout the financial year. The first quarterly report on progress on the new Council Plan and Year Ahead Delivery Plan was presented to the Council's Cabinet on 20th June 2022 and focused on progress from 1st January 2022 to 31st March 2022, with subsequent reports being presented on 20th September 2022, 19th December 2022, 24th April 2023 and a final report for the year planned to be presented on 10th July 2023.
- 2.4 A refresh of the Year Ahead Delivery Plan to cover the 2023-24 financial year was approved by Cabinet on the 24th April 2023, alongside a review of the targets set for Council Plan performance measures. Monitoring of the new plan will continue throughout the year, with public reports planned for December 2023 and July 2024.
- 2.5 The governance framework comprises the systems, processes, values and behaviours by which the Council is directed and controlled. It also comprises the activities through which the Council is accountable to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.6 The Council also has a system of internal control, which is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore provide proportionate and not absolute assurance of effectiveness. The system of internal control is designed to:
- identify and prioritise the risks to the achievement of Council policies, aims and objectives
 - evaluate the likelihood of those risks being realised and assess the impact should they be realised, and
 - manage the risks efficiently, effectively, and economically.
- 2.7 The table below sets out the key elements of an effective governance framework, and how these were delivered in the Council throughout the financial year.

Council Committee or group	Governance Function
Full Council	Endorses the Constitution Approves the policy and financial frameworks Approves the budget and sets Council Tax Approves the Council Plan.
Cabinet	Primary decision-making body of the Council Comprises the Leader of the Council and Cabinet members who have responsibility for specific areas
Audit Committee	Considers all issues relating to internal and external audit matters Monitors and reviews the effectiveness of risk management systems, including systems of internal control. Oversees financial reporting and financial statements and the annual governance process.
Standards and Ethics Committee	Promotes high standards of conduct by elected members and monitors the operation of the Members' Code of Conduct
Overview and Scrutiny Committees	Reviews and scrutinises the decisions and action taken in connection with any functions of the Council, including "pre-Scrutiny" of some recommendations due to be considered by Cabinet. Make reports or recommendations to the Council or Cabinet with respect to the discharge of any functions of the Council
Chief Executive, Strategic and Assistant Directors, including s151 Officer and Monitoring Officer	Set governance standards Lead and apply governance standards across the Council
Internal Audit	Performs independent and objective reviews within all Directorates of the Council Undertakes fraud and irregularity investigations and proactive anti-fraud work
Areas or disciplines which are not directly responsible for delivery of services, for example Performance Management, Risk Management, Finance, HR, Legal, Information Security, Health and Safety.	Responsibilities include designing policies, setting direction and ensuring compliance
Management. Assurance at this level comes directly from those responsible for delivering specific objectives, projects or operational areas.	Responsibilities include identifying risks and improvement actions

3 HOW THE GOVERNANCE FRAMEWORK IS APPLIED

- 3.1 The principles set out in both the CIPFA/SOLACE Delivering Good Governance Guidance and the Council's own Code are shown in the diagram below:



- 3.2 The table below indicates the detailed governance arrangements in place during the year and their operation, with reference to these principles:

Principle	Arrangements at Rotherham MBC
Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	<p>The Council has a constitution and a supporting set of rules and procedures that govern its activities in accordance with legislative requirements.</p> <p>All key decisions require review by Legal and Financial Services to ensure all relevant requirements and considerations are taken into account.</p> <p>The Council has arrangements for encouraging the reporting of suspected wrong-doing. The Council's Whistle-blowing Policy is in line with current national guidance.</p>

	<p>The Council has a Member/Officer Protocol which has been adopted by the Council. It is communicated to all Members and is emphasised through training on the Code of Conduct which forms part of the induction programme for Members and their continuous development programme. Codes of Conduct for Members and Officers define conflicts of interest and how they should be treated. There has been an extensive programme of training and induction for all members following the “all out” elections in May 2021.</p>
<p>Principle B – Ensuring openness and comprehensive stakeholder engagement.</p>	<p>The Council is committed to openness and acting in the public interest. A new Council Plan 2022-25 and the Year Ahead Delivery Plan 2022 were developed after consultation with stakeholders as part of the development process. A further Year Ahead Delivery Plan covering the 2023-24 financial year was developed in the course of the year. These Plans are available on the Council’s website and performance reporting against the Plans is presented in public meetings of Cabinet.</p> <p>Delivery of the vision in both the Council Plan 2022-25 and the Year Ahead Delivery Plan is embedded in day-to-day activities across the Council and is monitored through the performance management arrangements which are underpinned by an established framework.</p> <p>The Council conducts a Residents’ Satisfaction Survey every twelve months, based on the Local Government Association’s national model. The results are checked and challenged against other Councils and have been reported through the performance management framework.</p> <p>The Thriving Neighbourhoods Strategy was published in 2018, covering the period 2018-2025. The Strategy sets out the way in which the Council will work with and listen to its communities. It commits the Council to listening and acting on feedback and working with partners to plan for the future. During 2022/23 this Strategy has continued to become embedded in the Council’s methods of working. As part of this development, a series of regular ward newsletters were continued to improve public awareness of developments in their local areas and improve community engagement.</p> <p>Regular email newsletters are also produced for Council members with additional ‘special’ bulletins produced to cover significant topics in-between. These summarise key developments and issues in the Council to enable them to perform their roles effectively including latest news, member development information, forthcoming meetings and consultations.</p> <p>The Consultation and Engagement Framework, which was developed in 2019, was refreshed in 2022. This document sets out the Council’s commitment to consult and engage with the public and states that the Council will listen, inform and work in partnership with service users and stakeholders, including their</p>

	<p>views in the shaping, commissioning and delivery of services wherever possible. The Framework is underpinned by a consultation toolkit for services to use so that they comply with the Policy.</p> <p>The Rotherham Together Partnership is well established. The Partnership strategy, The Rotherham Plan 2025, which was originally published in early 2017 and was refreshed in December 2022.</p>
<p>Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits.</p>	<p>In January 2022 the new Council Plan 2022-25 and associated Year Ahead Delivery Plan 2022 were approved by Council. All the plans have been monitored throughout the year in line with the Council's Performance Management Framework, which was itself revised in April 2022. This monitoring involves quarterly consideration of the outcomes in public sessions of Cabinet and the Overview and Scrutiny Management Board. A new Year Ahead Delivery Plan covering the 2023-24 financial year was approved in April 2023.</p> <p>Sitting alongside the Year Ahead Plans are numerous other strategies which set out more detail around the required outcomes. These include the Rotherham Housing Strategy, Rotherham Economic Growth Plan, Safer Rotherham Strategy, Rotherham Local Plan Core Strategy, Municipal Waste Management Strategy and the Rotherham Health and Wellbeing Strategy.</p> <p>Service Plans that link to the Council Plan and into individual Personal Development Plans were in place for all services during 2022-23.</p> <p>In addition to the above, the Council's Risk Management Framework links to the relevant plans and enables Strategic and Directorate Leadership Teams to monitor and respond to the risks around each key element of the plan that they are accountable for.</p>
<p>Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes.</p>	<p>As set out above, the Year Ahead Plan and associated Service Plans form the basis for all interventions planned by the Council. All business decisions are accompanied by a business case and options appraisal and the corporate report templates require information explaining the legal and financial implications of decisions.</p> <p>Delivery of the Plans continues to be monitored through Quarterly Monitoring Reports and the Council has a suite of performance reports which are aligned to the Year Ahead Plan priorities.</p> <p>All decisions need to be taken in the context of the Medium-Term Financial Strategy, the Capital Programme and the Revenue budget process.</p>
<p>Principle E - Developing the</p>	<p>The Council has been working with the Local Government Association to support the development of members of the</p>

<p>entity's capacity, including the capability of its leadership and the individuals within it.</p>	<p>Improving Lives Select Commission, and this will continue in future years. The Member Development Programme is continually being refreshed with elected Members encouraged to provide topics of interest that they would like to see included and delivered in the most appropriate manner e.g. Member Session, Briefing Note etc. A programme of Mid-Term Reviews are being undertaken with members to support training and development required to aid delivery of ward priorities.</p> <p>The roles of the Leader, the Cabinet, all Members and the Statutory Officers are included in the Constitution.</p> <p>Job descriptions are in place for all posts throughout the Council and these are supported by recruitment and appointment policies and procedures. There is a comprehensive training programme for officers linked to the recently approved refreshed Workforce Development Plan. The Plan aligns with the Council Plan and has been developed in tandem with the Council Plan. Each Council employee has a Personal Development Plan which links to their service's Service Plan and is reviewed at regular intervals.</p> <p>A series of projects are in place to deliver service transformational change across the Council as part of the "Big Hearts, Big Changes" programme. These are drawn from the Council Plan and are cross cutting big ticket" items. Many of these projects are designed to increase the Council's capability and capacity to achieve ambitions and adapt to service demands in a "post Covid" environment.</p>
<p>Principle F - Managing risks and performance through robust internal control and strong public financial management.</p>	<p>The Council has a Risk Management Policy and Guide which is fully embedded. The Guide was reviewed in November 2022 and the Policy was formally approved by Cabinet in January 2023 This Policy requires the Strategic Risk Register to be reviewed at regular intervals by the Strategic Leadership team and for Directorate and Service level risk registers to be reviewed at least quarterly.</p> <p>Corporate report templates all contain 'risk implications' sections and Risk Management also links closely to Service Plans. The Audit Committee reviews risks and the Risk Management process at every meeting. Performance Reports are aligned to Council Plan priorities and are considered in public and are also linked to the Risk Policy.</p> <p>The Council has an Anti-Fraud and Corruption Policy and Strategy which comply with the CIPFA Code of Practice and an Internal Audit function which issues an annual opinion on governance, risk management and internal control. The Council also has a Corporate Information Governance Group which is responsible for improving its approach to securing information. This Group is supported by a dedicated Information Governance team as well as ongoing monitoring of Data Protection Act / Freedom of Information compliance.</p>
<p>Principle G -</p>	<p>The Council's approach to transparency includes the publication</p>

<p>Implementing good practices in transparency, reporting, and audit to deliver effective accountability.</p>	<p>on its website of details around budgets and spending, Senior Officer remuneration, Performance Information and reports, the Annual Report and Statement of Accounts and the Annual Governance Statement.</p> <p>The Code of Corporate Governance is refreshed annually in accordance with CIPFA/SOLACE principles and any amendments proposed for publication are scrutinised and approved by Strategic Leadership Team, and Audit Committee prior to publication.</p> <p>The Head of Internal Audit presents an annual report to Audit Committee to inform members of Internal Audit activity that has taken place during the year. The Audit Committee meets six times a year and receives reports from both Internal and External Audit. The Audit Committee Terms of Reference are based on CIPFA guidance and were updated in in May 2023.</p> <p>The Council is subject to regular inspections from regulatory bodies, including Ofsted, Care Quality Commission etc. The outcomes of these inspections, together with the Council's responses are reported to the relevant Overview and Scrutiny Committee and made available via the website.</p> <p>An appropriate financial control and reporting framework for the Council is in place, with all aspects of revenue and capital spending compared to budget plans being routinely reported throughout the year to the officer Strategic Leadership Team and Cabinet.</p>
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The Council won the award for the Most Improved Council at the Local Government Awards in July 2022. This is an indication of the improvements in the governance structure and is linked to the principles highlighted above.

[Local Government awards - Rotherham is 'Most Improved Council' – Rotherham Metropolitan Borough Council](#)

How is the effectiveness of our Governance Arrangements monitored?

3.3 The Council reviews the effectiveness of its governance framework, including the system of internal control, every year. The ten key elements of assurance that inform this governance review are:

- 1) The Chief Executive, Strategic and Assistant Directors whose roles include:
 - Corporate oversight and strategic planning
 - Annual corporate governance assessment which is informed by annual Assurance Statements from each Strategic and Assistant Director
 - Implement and monitor regulatory and other governance protocols
- 2) Monitoring Officer who has oversight of:
 - Legal and regulatory assurance

- The operation of the Constitution
- 3) The Section 151 Officer who has oversight of the proper administration of the Council's financial affairs
 - 4) Information Governance, which is monitored by:
 - The Designated Senior Information Risk Owner (SIRO)
 - Data Protection procedures
 - Information Security and Records Management procedures
 - 5) The Overview and Scrutiny Management Board, who carry out policy review and challenge as well as have an overview and carry out scrutiny of specific topics
 - 6) The Audit Committee which;
 - Reviews the effectiveness of internal and external audit
 - Considers the adequacy of the internal control, risk management and governance arrangements
 - Oversees financial reporting and financial statements and the annual governance process.
 - 7) Internal Audit who produce;
 - An annual opinion on the adequacy and effectiveness of internal controls, risk management and governance arrangements
 - An Internal Audit plan, reports and audit action tracking, all reported to Audit Committee
 - 8) External Audit and other external inspections which include:
 - Financial statements audit
 - Value for Money conclusion
 - Care Quality Commission, Ofsted, etc.
 - 9) Risk Management which incorporates:
 - A Risk management policy and strategy
 - Quarterly monitoring and reporting of Strategic Risks to Strategic Leadership Team
 - Regular monitoring and reporting of Risk Registers to Directorate Leadership Teams
 - 10) Counter Fraud work, which includes:
 - Anti-Fraud and Corruption and Whistleblowing arrangements
 - Anti-Money Laundering Policy and supporting arrangements
 - Codes of Conduct for Officers and Members
 - Financial and Contract Procedure Rules

What specific assurances does the Council receive about the effectiveness of our Governance Arrangements?

- 3.4 The Council receives a number of specific assurances around its governance arrangements from the following:

Chief Financial Officer (Section 151 Officer)

- 3.5 The CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016) demands that assurance is provided on a number of governance arrangements relating to the organisation including financial control, reporting, the approach to decision making, compliance with relevant codes and the influence of the CFO within the organisation. These have been considered within the context of this Statement and it has been established that the Council's arrangements conform to the CIPFA requirements, and the Section 151 Officer has no significant additional concerns.

Monitoring Officer

- 3.6 The Monitoring Officer is required to report to the Council in any case where it appears that any proposal, decision or omission by the Authority has given rise to or is likely to or would give rise to any contravention of any enactment, rule of law or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989; (LGHA 89). These have been considered within the context of this statement and the Monitoring Officer has no significant additional concerns to report.

Internal Audit

- 3.7 It is a requirement of the UK Public Sector Internal Audit Standards (PSIAS) that there is an annual internal assessment of Internal Audit's conformance with the standards, verified externally at least every five years. In late 2020 the external verification was completed. Internal Audit was assessed as generally conforming to Public Sector Internal Audit Standards. This is the highest classification used by CIPFA. The internal assessment at the start of 2023 confirmed that this standard has been maintained.
- 3.8 It is also a requirement of PSIAS that an annual report is produced setting out the work performed by Internal Audit and the opinion of the Chief Audit Executive (at Rotherham this is the Head of Internal Audit) on the Council's internal control environment.
- 3.9 The Annual Internal Audit report was presented to the Audit Committee on 7th June 2023. The report confirmed positive progress had been made during the year, with 87% of audits resulting in a positive opinion, similarly to the previous year. The remaining reports highlighted areas where further improvement

could be made. The areas identified will be followed up in 2022/23. The report on Tree Management resulted in an opinion of no assurance and is referred to in Paragraph 5.2.

- 3.10 Internal Audit concluded that the Council has maintained overall an adequate and effective framework of governance, risk management and control throughout the year, based on their work undertaken throughout the year.

External Audit

- 3.11 The Council's external auditor is required each year to carry out a statutory audit of the Council's financial statements and give an assessment of the Council's value for money arrangements. Grant Thornton issued an unqualified opinion on the Council's financial statements for the year ended 31st March 2022 on 16th January 2023.
- 3.12 In their Annual Report relating to 2021-22 issued in March 2023 Grant Thornton found no significant weaknesses in the Council's arrangements for financial sustainability and governance. They stated that the significant weakness and key recommendation from the previous year was still relevant. It was raised as a result of the Ofsted and CQC inspection around implementing SEND reforms. Further information concerning the inspection is given in paragraphs 4.7 to 4.10.
- 3.13 Grant Thornton will issue their opinion on the 2022-23 financial statements and a conclusion on the Council's arrangements to secure economy, efficiency and effectiveness once their work is complete.

Compliance with Financial Management Code (FMC)

- 3.14 The Council complies with the financial management standards as set out within the CIPFA Financial Management Code (FMC). The Council's Financial and Procurement Procedure Rules (FPPR's) provide the bedrock of the Council's financial governance, setting clear principles as to how the Council manages and controls its financial decision making. These FPPR's are routinely reviewed to ensure they are kept up to date with the current financial environment, new financial standards and the ever-changing local authority financial conditions.
- 3.15 The Council's current budget and Medium-Term Financial Strategy set out how the Council will finance the current requirements of services, whilst effectively planning for the delivery of agreed savings and continuing to stabilise and improve the Council's level of reserves. However, any significant longer-term planning is hindered by Government's reluctance to provide a financial settlement that is greater than a year ahead.

- 3.16 The Council's Capital Programme planning and investment levels are directly linked into the revenue budget planning to ensure that any new use of corporate resources is affordable over the longer term, in terms of financing borrowing and major repairs provision charges. Whilst the Council does annually review and make additions to the capital programme, typically with new use of corporate resources, the Council actively looks to maximise its access to and use of, government grant funding and other external contributions. The links between the revenue budget and capital programme are tightly controlled to ensure that the Council sets a Treasury Management Strategy that is both prudent and compliant with the Prudential Code for Capital Finance.
- 3.17 The Council sets an annual budget through Cabinet and Council which is then monitored closely during the course of the financial year. The Council's Strategic Leadership Team receive monthly updates on the financial position with regular updates taken to Cabinet throughout the financial year. This reporting process culminates with a financial outturn report post the end of any financial year, this report sets out how that outturn impacts the future financial planning of the Council, in particular the impact on reserves and delivery of planned savings.

Delivering the Financial Strategy

- 3.18 The Council has faced some significant financial challenges during 2022/23 that were not evident at the time of setting the 2022/23 Budget, such as the significant rise in energy prices, inflation and Local Government Pay Award. In an update to November 2022 Cabinet the Council noted that it was estimated that the impact of inflation and in particular energy price increases would be £4m above available budget. In addition, the financial impact of the Local Government Pay Claim 2022/23 was £6.1m greater than anticipated, increasing the Council's base budget moving forwards, together these pressures created around a £10m gap per year within the Council's Medium Term Financial Strategy from 2022/23 onwards.
- 3.19 Given this challenging start position, in setting the Budget for 2023/24 the Council kept focus on mitigating the impact on residents as far as possible and trying to protect basic services in order to support the community through a cost of living crisis, along with the Council's ambitions for the Borough with specific regard to the environment and social care.
- 3.20 The Final Settlement did have some positives for the Council with inflation provided on core funding such as Business Rates Grants and Revenue Support Grant, along with Governments approach to delaying the Adult Social Care Reforms whilst allowing councils to retain the funding linked to those reforms. However, the additional grant funding fell short of what was required by councils in order to mitigate the impact of inflation and energy prices.

- 3.21 For example, the additional funding provided or made available for Adult Social Care was £11.5m, however the cost of providing an inflationary uplift to adult care providers (at the Real Living Wage rate) and meeting the required costs of transitions and demand was £12m.
- 3.22 The development of the Council's Budget proposals for 2023/24 and the further update of the MTFS took into account prevailing economic factors, most notably significant rises in inflation and energy prices during 2022/23. Following the Council's technical MTFS updates and the impact of the Final Financial Settlement the Council faced around a £6m funding gap in each year from 2023/24 to 2025/26.
- 3.23 In order to address this budget gap the Council had to consider the following areas:
- New savings proposals
 - Further increases in fees and charges
 - Increases in Council Tax above assumptions within the approved MTFS
 - Further use of reserves
- 3.24 As detailed within the Council's budget report this financial pressure was mitigated through proposals to increase fees and charges above the approved MTFS 2% assumption to 6%, new proposed savings across all Directorates of the Council and a proposed increase in Council Tax for 2023/24 above the 3% assumed in the approved MTFS to 4%.
- 3.25 These proposals have allowed the Council to set out a balanced budget position without further use of reserves, allowing those reserves to be held to guard against the significant risk and uncertainty that still exists in the UK economy around inflation and energy prices.
- 3.26 The current economic climate remains uncertain, with challenges in projecting where inflation will move and the pace at which it moves, along with uncertainty in the energy markets. Whilst the uncertainty in the economy still remains the most significant pressure in the Council's Budget and MTFS proposals, by being aware of the current challenges the Council has been able to better plan for this new economic position and set a budget which retains a sufficient balance in reserves to ensure the impact of further unexpected volatility can be mitigated without impact on services to residents.
- 3.27 The Council has endeavoured through the Budget setting process to minimise the impact on residents in terms of both service delivery that they receive but also in terms of the financial impact on residents, for example the Council's proposed fees and charges and Council Tax increases are significantly below

the prevailing level of inflation seen during 2022/23.

4 UPDATE ON MATTERS REFERRED TO IN THE ANNUAL GOVERNANCE STATEMENT FOR 2021-22

Information Governance

- 4.1 The rate of completion for Freedom of Information Requests and Right of Access Requests remains reasonably static. Monitoring of performance levels is undertaken monthly by the Corporate Information Governance Group and any areas of concern are addressed immediately either on a corporate or directorate level as appropriate. An annual report is also shared with the Audit Committee.

COVID-19

- 4.2 Following the national government's introduction of "lockdown" on 23rd March 2020 the Council had to respond at considerable pace to the COVID-19 pandemic in order to help the residents of the Borough to stay safe and support local businesses and key partners. This response continued throughout the majority of 2021/22. Although all domestic legal restrictions relating to Covid ceased on 24 February 2022, the Council continued to monitor the incidence and impact of Covid throughout the year and up to date.
- 4.3 The Council's Gold response and recovery arrangements stood down at the end of 2021/22 although the Council remains ready to initiate command and control structure if required either in relation to Covid or other types of Major Incidents. The Council's Gold group agreed a comprehensive debrief process following the major incident activity spanning the previous two years. This work provided an overview report to a meeting of all Strategic and Assistant Directors in June 2022, including feedback and recommendations for further work which will be linked to one of two areas:
- Major Incident Arrangements
 - Business Continuity

Ombudsman Reports

- 4.4 During 2021/22 RMBC received two reports from the Local Government and Social Care Ombudsman.
- 4.5 The first was a Public Interest Report which found that there was fault by the Council which caused injustice to two residents. The report made five recommendations which were accepted by the Council. An Action Plan has been produced detailing how and when the Council will meet those recommendations and how it will provide the Ombudsman with the evidence it

requires. The report was presented to the Audit Committee in April 2022 in line with the Committee's Terms of reference 'to consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions. The Report was also made available to Council through the minutes of Audit Committee on 25th May 2022. The report has been made available to the public in hard copy from Riverside House reception and the Council has placed two public notices in local newspapers as directed by the Ombudsman. The Ombudsman has also publicised this via its own website and has advised its media partners. On 15th June 2022 the Ombudsman thanked the council for their comprehensive response and readiness to improve the services and stated formally that he was satisfied with the Council's response in accordance with section 31(2) of the Local Government Act 1974. Progress on the completion of the Action Plan was reviewed by Internal Audit and a Substantial Assurance opinion was given. This was reported to the Audit Committee in March 2023.

- 4.6 The second report found that there was fault by the Council which caused injustice to the Complainant. The Ombudsman directed that the findings are not made public as to do so would mean identifying the Complainant. The report was considered in confidence by the Audit Committee in line the Ombudsman's direction. The Council has responded to the Ombudsman setting out the work that has been completed and that all the actions required have been discharged. On 6th July 2022 the Ombudsman welcomed the action taken by the Council and stated formally that he was satisfied with the Council's response in accordance with section 31(2) of the Local Government Act 1974.

Special Educational Needs and/or Disabilities (SEND) Inspection in Rotherham

- 4.7 In July 2021 Ofsted and the Care Quality Commission conducted a joint inspection of the local area of Rotherham to judge the effectiveness of the area in implementing the SEND reforms as set out in the Children and Families Act 2014. The report summarised strengths and areas for development in the effectiveness of identifying children and young people with SEND, meeting their needs, and improving outcomes for them.
- 4.8 As a result of the findings a Written Statement of Action (WSOA) was required because of significant areas of weakness in the local area's practice, to be submitted jointly by the RMBC and the area's Clinical Commissioning Group (CCG) now known as the Rotherham Integrated Place Board (IPB). The WSOA had to explain how the local area would tackle the areas of weakness and set forward a clear action plan.
- 4.9 The WSOA was submitted to Ofsted in January 2022 and was approved by them. Significant work has been undertaken to deliver improvements required across the Rotherham SEND Partnership. Regular support and challenge

meetings between the Local Area SEND system Leaders, the Department for Education and NHS Improvement are in place to hold accountability to the Rotherham WSOA.

- 4.10 Partnership governance continues to strengthen in relation to SEND to ensure robust local area response to addressing all aspects of this area, not just the WSOA, with strong visible leadership from senior leaders in the Council and IPB.

Homes England Report

- 4.11 Homes England is an executive non-departmental public body sponsored by the Department for Levelling Up, Housing and Communities. It part-funds housing developments by providing grants to local councils, including RMBC. Councils must comply with Homes England's policies, procedures and funding conditions when receiving the grants.
- 4.12 During 2020-21 the Council received a 'red status' audit report from Homes England – serious failure to meet requirements, because certain key requirements had not been met at the point the grant was drawn down for two housing development schemes. Immediate action was taken to prevent recurrence of these issues and further necessary measures have been identified and captured in an action plan. In the last year the action plan was completed and the service worked with Homes England to deliver learning to other grant recipients. A further audit from Homes England resulted in a 'green status' audit report.

Youth Justice Service

- 4.13 A Youth Justice Board Peer Review of the Youth Justice Service (previously Youth Offending Team) was commissioned by the Rotherham Youth Justice Partnership Board and was completed in March 2022. This followed an inspection by Her Majesty's Inspector of Probation in 2020 which gave a Required Improvement judgement. Since then, an improvement action plan has been followed and the Youth Justice Service Partnership Board strengthened. The Peer Review found that positive improvements had been made and gave feedback on areas 'for consideration'. The CYPS Evidence Challenge Panel (containing representatives from external agencies) has overseen and scrutinised the completion of all 46 improvement actions. Further assurance against the actions has been monitored through the Improving Lives Select Commission and the safer Rotherham Partnership Board.

Health and Safety Executive

- 4.14 On 29th November 2021 the Health and Safety Executive made the Council aware of an investigation it was undertaking into allegations concerning hand

arm vibration. On 4th April 2023 they confirmed they intended to prosecute the Council. The Council is awaiting full disclosure and associated summons to attend a hearing.

5 OTHER SIGNIFICANT ISSUES ARISING DURING 2022/23

Tree Management and Green Spaces

- 5.1 The Service has received three reports during the year: a Health and Safety report following an incident in the summer of 2022; an external review of the Tree Management Protocol and guidance; and an Internal Audit report which gave a 'No Assurance' opinion. An Action Plan has been produced to capture all the recommendations from the reports and ensure the actions are completed. A wider review of Green Spaces will also be completed to ensure that risks are identified and managed.

Asset Management

- 5.2 An Improvement Plan has been commissioned for the Asset Management Service. This has arisen from recent challenges around building safety and especially evacuation at a number of Council properties. The Improvement Plan will include a specific strand on building safety and will also consider the pressures and high profile workstreams in the service, including budget pressures, fire safety, building compliance and major projects.

6 SIGNIFICANT EVENTS OR DEVELOPMENTS AFTER YEAR END

Corporate Peer Challenge

- 6.1 On 4th September 2023, the Council published the outcome of a Corporate Peer Challenge conducted by the Local Governance Association (LGA) in June 2023. In summary the report stated that the Council "...serves the Town well and is today an impressive organisation. Being named the 'Most Improved Council' in the Country at the Local Government Chronicle (LGC) Award in 2022 provides ample evidence that it is now in a very good place. It is ambitious and has well-established and robust foundations, along with several notable and commendable practices that other councils can learn from."
- 6.2 The Council has produced an Action Plan to respond to the seven recommendations in the report and both the Action Plan and the report itself can be found on the Council's website.

7 LEADER AND CHIEF EXECUTIVE STATEMENT 2022-23

- 7.1 This Annual Governance Statement fairly reflects the position at Rotherham Metropolitan Borough Council during the year and up to the date of signing.

- 7.2 As Leader and Chief Executive, we have been advised on the results of the review of the effectiveness of the Council's governance framework. We have also specifically considered the new significant issues noted in section five and their potential impact on our overall governance. Our final overall assessment is that this Annual Governance Statement is a balanced reflection of the governance environment, and the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.
- 7.3 We are also satisfied that, over the remainder of this financial year, the Council will take appropriate steps to address the significant governance issues and we will monitor their implementation and operation as part of our next annual review.

Signed

**Councillor Chris Read,
Leader, Rotherham MBC
Date:**

Signed

**Sharon Kemp,
Chief Executive, Rotherham MBC
Date:**

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Committee Name and Date of Committee Meeting

Audit Committee – 26th September 2023.

Title

Internal Audit Progress Report for the period 1st July 2023 to 31st August 2023.

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 July 2023 to 31st August 2023 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 July 2023 to 31st August 2023, 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 2023/24

Appendix B – Summary of work completed since the last meeting

Appendix C – Responsive Audit Work

Appendix D – 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
Yes – partially exempt.

An exemption is sought for Appendix C under Paragraph 7 (Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime).

Internal Audit Progress Report for the period 1st July 2023 to 31st August 2023

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 August 2023 on the completion of the annual plan for 2023/24, the reports finalised in July and August 2023 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 2023/24 and presented it to the Audit Committee at its meeting on 14th March 2023. A revised plan was presented at the July meeting. The revised plan provides sufficient coverage for the Head of Internal Audit to provide their annual opinion at the end of the year and will be kept under review throughout the year. The plan is attached, showing the position at the end of August 2023. In the year to date the department has delivered 420 days of productive work, showing it is on target for the year as a whole.

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**. Eight audits have been finalised since the last Audit Committee, including one with Partial Assurance.

- 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. Two investigation reports have been issued, and are summarised in **Appendix C**.

2.4 Internal Audit Performance Indicators

Internal Audit's performance against a number of indicators is summarised in **Appendix D**. One audit exceeded the time budget and productive time was affected by sickness.

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 twelve actions that have been deferred from their original due dates, nine of which relate to Rothercare where the service is working on a new business operating model.

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 July 2023 to 31st August 2023 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 26th September 2023 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 2023/24

<u>CORPORATE</u>					
Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
Contract Management		Risk Based	A review of the tracking and management of contract delivery by contract managers, to provide assurance on how outcomes and outputs are tracked.	15	2
Total planned days – Corporate				15	

<u>ASSISTANT CHIEF EXECUTIVE</u>					
Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
Payroll 22/23	ACX20	Systems Based	Provide assurance on key processes for carrying out reconciliations and error resolution and prevention.	5	FINAL
Big Hearts Big Changes (BHBC)	ACX23	Risk Based	Provide assurance on the governance arrangements to ensure the effective delivery of the BHBC programme.	9	2
Council Plan	ACX27	Risk Based	Provide assurance on the governance arrangements and that performance measures are being accurately reported.	7	WIP
Payroll 23/24	ACX20	Systems Based	Annual review of payroll as a fundamental system.	20	4

Workforce Plan	ACX32	Risk Based	Review of the impact of the Workforce Plan on the workforce	10	2
Establishment Control		Risk Based	Review of the management of vacancies and their disestablishment, and the match between HR and Finance establishments.	15	3
Risk Management		Risk Based	Review of the effectiveness of Risk Management.	15	4
Annual Governance Statement		Risk Based	Review of the process for the production of the AGS, after changes introduced in 2023.	10	4
Declarations of Interest		Risk Based	Review of officers' Declarations of Interest, after the introduction of new procedure.	10	WIP
Total planned days – Assistant Chief Executive				101	

<u>ADULT CARE HOUSING AND PUBLIC HEALTH</u>					
Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
Housing Management System		Risk Based	Review and provide assurance on the adequacy of the new housing management system.	1	DRAFT
Transition from Children's Care to Adult Care		Risk Based	Review progress in implementing the Ofsted action plan and provide an assurance on the processes taken to address the weaknesses highlighted within the action plan.	9	WIP
Waiting Lists		Risk Based	Management request – addition to the plan. Review of mechanisms in place for dealing with waiting lists for assessments for care.	1	DRAFT
Liberty Protection Safeguards.	ACHPH R3 (ACI R5)	Risk Based	Provide an assurance on the Council's readiness to transfer to the new Liberty Protection Safeguards regulations.	20	WIP

Health & Safety Legislation and Corporate Responsibilities for Council Homes.	ACHPH R9 (H-R12)	Risk Based	To review compliance with Health and Safety regulations with regard to smoke and carbon monoxide alarms.	10	4
Housing and Estates – Anti Social Behaviour	H – R10	Risk Based	Review of current procedures and to ensure compliance with legislation.	10	WIP
Housing and Estates – Management of Estate Environment	H – R11	Risk Based	Review of procedures in place to ensure effective management of the estate environment.	10	2
Local Government Ombudsman's Reports		Risk Based	Management request to examine Ombudsman's report for the last two years and report on how the Council responded to any findings and if any lessons learned were acted upon.	15	2
Public Health		Risk Based	Review of drug and alcohol working partnerships including needs assessments and plans.	15	3
Health Funded Clients		Follow Up	Follow up of Partial Assurance audit in 2022/23	5	2
Homes England		Risk Based	Review of grant funding drawdowns after new processes have been implemented.	5	WIP
Total Planned Days – Adult Care and Housing				101	

CHILDREN AND YOUNG PEOPLES SERVICE

Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
Commissioning Services	CPQ43	Risk Based	Review of commissioning policies in place to support safeguarding of children and young people; health and safety and Governance, which need to be in place by all contract holders. Assurance would assist Commissioning develop their quality assurance framework.	5	WIP
Youth Offending		Risk Based	Review of progress after HMIP review and peer review	1	FINAL
Supporting Families		Risk Based	Management request – addition to the plan. Review of new systems being developed to prepare for changes to government requirements.	9	WIP
Early Help Provision	ES6	Risk Based	Consider the recently published independent review of children's social care report and where areas of concern could be applicable to RMBC. Review to also consider Universal and targeted help.	15	4
Social; Emotional and Mental Health Needs (SEMH)	ES17	Risk Based	Scope of the audit to be finalised with CYPS, based upon Local Area Provision and inclusion pathways.	15	WIP
Safeguarding	SCF3	Risk Based	Review of procedures for placing 16+ children with external provider regulated accommodation	10	2
Unaccompanied Asylum-Seeking Children (UASC)	SCF6	Risk Based	Review of procedures for age assessments of UASC.	10	WIP
Special Education Needs and Disability (SEND)	CYPS03	Risk Based	Review of Education, Health and Care Plans (EHCP) across all the domains, including Health and Social Care Partners.	20	3

Schools CRSA		Risk Based	Conduct the annual school's Control and Risk Self-Assessment to form the basis for school visits.	10	2
Schools Themed Audits		Risk Based	Sample visits to schools, based on the results of the self-assessment.	20	4
Total Planned Days - Children and Young People's Services				115	

FINANCE AND CUSTOMER SERVICES

Finance

Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
NNDR	FCS2	Systems Based	Fundamental System. Review of new processes in respect of NNDR reliefs to provide a level of assurance of compliance with these.	1	FINAL
Procurement Governance	Operational Risk.	Risk Based	Review procurement procedures and assess Directorate adherence to them. To include, where applicable, a review of Directorate procedures.	8	WIP
Debtors		Systems Based	Review debtors procedures and assess Directorate adherence to them. To include, where applicable, a review of Directorate procedures.	2	DRAFT
Rebate Scheme		System Based	To review the processes used to pay the one-off Council Tax Energy rebate payment to RMBC residents	1	FINAL
Council Tax		Systems Based	Fundamental System. Scope of the audit to be agreed with Assistant Director Finance, to include core systems not currently being externally stored.	10	4

Contract Renewals and Expiry		Systems Based	Review of Directorate compliance with procedures for planning for renewing contracts, in line with Cabinet Office Best Practice.	20	2
Creditors		Systems Based	Fundamental System. Audit resources to examine procedures regarding move towards “faster payments”, scope to be finalised with the Assistant Director Finance.	10	4
Rents		Systems Based	Fundamental system. Audit resources to examine changes to the rents settings in the system and ensure calculated rents are feeding through the system.	10	4
Capital Programme		Systems 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	2

Customer Information & Digital Services

Hosted & Cloud-based systems	Operational Risk	Risk Based	Provide assurance on the IG policies & procedures for cloud-based storage platforms, including recovery, protection & security arrangements.	1	FINAL
Application Management	Salford Risk Assessment	Risk Based	Review of controls around access control, system availability. Specific applications to be agreed.	10	2
To be agreed			Technical audit to be carried out by Salford IAS	10	3
Customer Digital Programme			Audit contribution to projects designed to increase efficiency.	20	n/a

Legal Services

Registrars		Risk Based	Review of processes and controls after external inspection	15	WIP
Litigation Service		Risk Based	Review of the legal support provided to Adult Care and Child Protection	20	2
Land Terrier		Risk Based	Review of the registration of Council land	10	3

Governance		Risk Based	Review of the operation of processes around decision-making within the Council.	15	4
Total Planned Days – Finance and Customer Services				178	

<u>REGENERATION AND ENVIRONMENT</u>					
Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
Waste	CSS13	Risk Based	To provide assurance on the efficient and effective management of waste collection data, reporting and invoicing.	17	WIP
Cash collection and income		Risk Based	Review the arrangements for the collection, monitoring, reconciliation of cash and other forms of income from various establishments.	13	WIP
Building Security Follow Up		Follow Up	Follow Up of Partial Assurance audit.	1	DRAFT
Home to School Transport	R&E 8 & CST 15	Risk Based	Provide assurance on the effectiveness of the Home to School Transport service.	10	2
Vehicle Operators Licence	R&E39 & CSS44	Risk Based	Review compliance with regulatory requirements	10	2
Fire Strategy	R&E25 & PRT38	Risk Based	Provide assurance that RMBC as the corporate landlord has an effective fire strategy.	10	DRAFT

Building Control		Risk Based	Provide assurance after changes in regulations around payments and inspection visits.	10	2
Trading Standards		Risk Based	Review of the operation of Trading Standards.	15	WIP
Green Spaces		Risk Based	Review over the Health and Safety controls around Green Spaces.	15	4
Tree Service follow-up	R&E52 & CST9	Risk Based	Follow up of No Assurance audit in 2022/23	10	3
Museum Collections follow-up	CST11	Risk Based	Follow up of Partial Assurance audit in 2022/23	5	3
Hand Arm Vibration		Risk Based	To review compliance with the Vibration at Work Guidance	10	WIP
Hellaby Stores		Risk Based	To assess the adequacy of the internal control arrangements surrounding the operation of the stores at Hellaby depot	10	FINAL
Total Planned Days – Regeneration and Environment				126	

<u>OTHER</u>	Provision	Used
Grants	100	25
Provision for investigations	150	48
Pro-active fraud	40	3
Contingency	60	30
Follow Up	20	0
Other Work Total	370	106
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.	23.8.23	Reasonable Assurance	Controls were generally in place. A recommendation was made around the clearance of historic unresolved Payroll transactions.
Children and Young People's Services				
Youth Justice	To provide assurance on compliance with HM Inspectorate of Probation national standards for Youth Offending/Justice Services.	2.8.23	Substantial Assurance	The review found that RMBC policies and procedures comply with the national standards. No recommendations were made.
Finance and Customer Services				
Social Value	To review compliance with Social Value policy requirements for procurement and provide assurance that controls are in	3.7.23	Reasonable Assurance	Controls were generally in place. Recommendations were made around social values and disaggregation rules for low value orders.

Audit Area	Assurance Objective	Final Report to man't	Overall Audit Opinion	Summary of Significant Issues
	place to ensure the policy is embedded by Contract Managers.			
Council Tax Energy Rebate Scheme	To review the processes used to pay the one-off Council Tax Energy Rebate payment to RMBC residents.	5.7.23	Substantial Assurance	Controls were in place for the payments. No recommendations were made.
NNDR	To review the procedures in place in respect of NNDR reliefs.	12.7.23	Substantial Assurance	Controls were in place to manage the application of NNDR reliefs. No recommendations were made.
Cloud Management	To verify whether there are appropriate controls in place to minimise key risks associated with software hosted in a cloud environment.	7.8.23	Reasonable Assurance	Controls were generally in place. Recommendations were made around the production of a cloud strategy and the need for purchases of all software and hardware to be reviewed by ICT.
Regeneration and Environment				
Enforcement (Food and Feed) Follow Up	To provide assurance that the agreed actions from the 2021/22 review had been implemented.	3.7.23	Reasonable Assurance	Actions from the original audit had been completed. However, there have been delays in implementing the service's own action plan for animal feed enforcement and it is dependent on the appointment of a lead officer.
Hellaby Stores	To assess the adequacy of the internal control arrangements	6.7.23	Partial Assurance	Recommendations were made to update procedures and management reporting, remove obsolete stock and investigate stock discrepancies as they arise. In

Audit Area	Assurance Objective	Final Report to man't	Overall Audit Opinion	Summary of Significant Issues
	surrounding the operation of the stores at Hellaby depot.			addition, improvements were needed in the issue of stock out of hours and access by staff to the store.

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>

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By virtue of paragraph(s) 7 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Appendix D

Internal Audit Performance Indicators

Performance Indicator	Target	April to June 2023	July to August 2023
Draft reports issued within 15 working days of field work being completed.	90%	80%	100%
Chargeable Time / Available Time.	80%	83%	75%
Audits completed within planned time	90%	90%	88%
Client Satisfaction Survey.	100%	100%	100%

Comments received in the Client Satisfaction Surveys

Three surveys received during July and August.

Good

Discussion of gaps and able to direct to evidence to show how gaps have been met.

Prompt attention was given to my concerns and the audit was instigated quickly.

Professional, concise

Improvement needed

None.

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Public Report with Exempt Appendices
Audit Committee

Committee Name and Date of Committee Meeting

Audit Committee – 26 September 2023

Report Title

Risk Management Annual Summary 2022-2023 and Corporate Strategic Risk Register Update

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

simon.dennis@rotherham.gov.uk

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 summaries produced for the Audit Committee in recent years, this is the fifth 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 is also included in the report to this 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.
2. The Audit Committee is asked to consider and note the updates to the Corporate Strategic Risk Register and make any comments as necessary

List of Appendices Included

Appendix 1 – Summary Corporate Strategic Risk Register at 1st July 2023

Appendix 2 – Full Corporate Strategic Risk Register at 1st July 2023

Background Papers

Report to Audit Committee; 28th June 2022 (Annual Risk Management Summary 2021-2022)

Report to Audit Committee; 29th November 2022 (Risk Management Strategy and Policy 2022)

Report to Audit Committee; 10th January 2023 (Corporate Strategic Risk Register update)

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

Yes.

An exemption is sought for Appendices 1 and 2 under Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part I of Schedule 12A of the Local Government Act 1972 is requested, as this report contains information that refers to the affairs of third parties.

It is considered that the public interest in maintaining the exemption would outweigh the public interest in disclosing the information because failure to do so may result in disclosure of information about the financial or business affairs of Council suppliers and partners.

Risk Management Annual Summary 2022-2023 and Corporate Strategic Risk Register Update

1. Background

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

- Provide Members and Senior Officers with an understanding of the key risks facing the Council and its community, and to show how these risks are being effectively mitigated.
- Implement and maintain a fluid process for business-as-usual management of risks relevant to our objectives, outcomes, services and assets.
- Align reporting mechanisms for finance, risk, audit and performance providing members and senior officers triangulated risk and assurance profiles.
- 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 within the Council throughout the past financial year. It also summarises the key movements in Strategic Risks that have occurred over the period and updates the Committee on the current risks on the Corporate Strategic Risk Register (CSRR).

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:

- Understand 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 strategic 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's
- 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. There are four core elements of the training programme which 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 each year 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.
 - An online training course for all staff which is delivered through the e-learning system
 - Specific training as required – this includes for elected members delivered as part of the member development programme and to Leadership Teams when required.
- 3.2 Take up of the M2 manager course remains very high, with 134 managers attending the five courses run since the last annual report in June 2022. The remaining courses are close to fully booked and additional courses will be set up as required.
- 3.3 The two-day IRM accredited course was run in March 2023. Twelve staff successfully completed this course and, as a result, have received IRM accreditation following a short assessment and test. Again, the level of take up of this course is very encouraging and it will be run again in early 2024.
- 3.4 As presented in last year's report, a course for elected members was run on the 22nd February 2022 and was attended by fifteen members. A recording of this course remains on the member training database for members to access when convenient.

- 3.5 Over the course of the last twelve months, risk management training events have been run for Strategic Leadership Team (SLT), a joint session with SLT and Assistant Directors (SLT/ADs) and the Council's Wider Leadership Team (WLT), which includes all the Council's Heads of Service.
- 3.6 Following extensive work alongside the HR and OD Service, the online training tool for risk management has recently been relaunched. This is a short e-learning tool that requires all staff to complete it. Staff are allowed three months to complete the course and are also expected to re-complete it once every three years. We will report take up of this course in future annual reports.

4. Risk Management Process

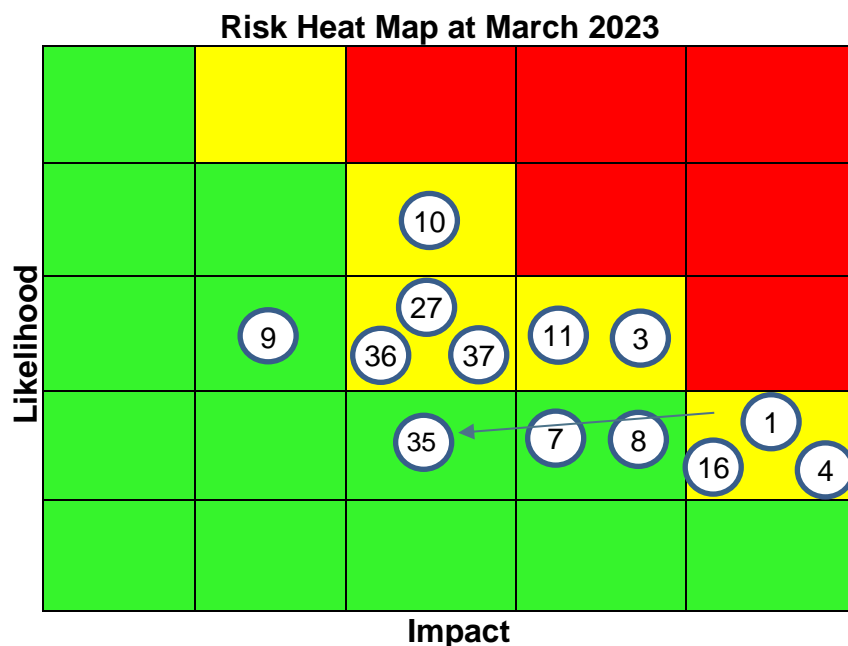
- 4.1 As set out in the Risk Management Policy and Guide, individual Service Management Teams (SMTs) and Directorate Leadership Teams (DLTs) have reviewed their risk registers in line with the Risk Management Policy and Strategy. Typically, teams review their registers every four to twelve weeks depending 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 CSRR has been formally reviewed by SLT both at joint SLT/AD Performance Management meetings and at separate SLT meetings. The regular cycle of quarterly reviews has been in place throughout the 2022/23 financial year and remains in place to date.
- 4.3 The CSRR 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 2022-23 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 Adult Social Care and Housing.
- 4.6 Internal Audit's last review of Corporate Risk Management was completed in May 2022. This review focused on the arrangements in place for risk management in the Council throughout the year and specifically, to review whether:

- 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. This is the highest assurance rating achievable and demonstrates that our risk management process continued to operate effectively. All of the actions arising from that report have been implemented.

5. Risk Profile for the 2022/2023 year

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 2022/23 showed the risk profile as seen below.



5.2 In the above chart, the arrows refer to the movement of risks in the financial year. Over that period:

- The total number of strategic risks reduced to 13 over the period from April 2022 to March 2023, with one risk removed and none added.
- Of the risks that remained the strategic register, one saw a decreasing risk score in the year (SLT35) and others all maintained their risk score.

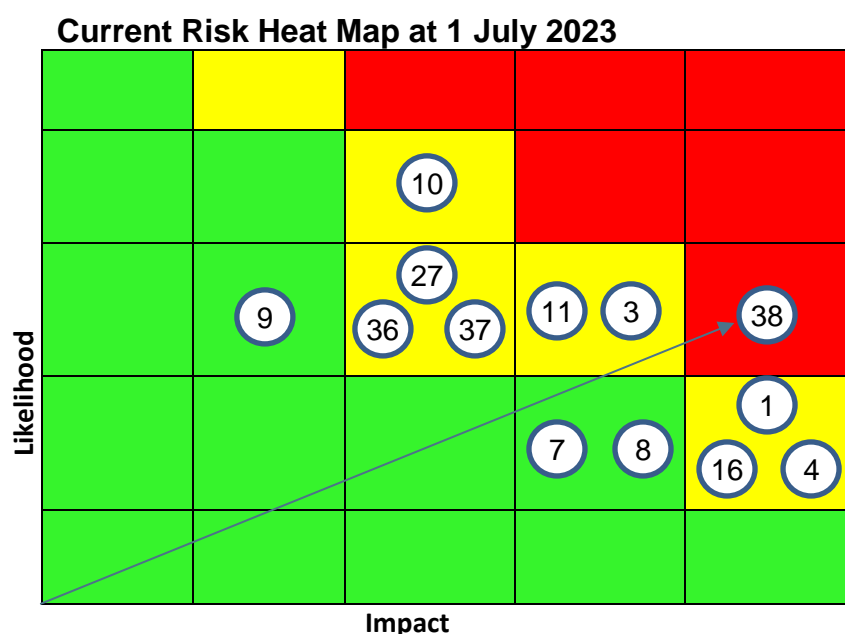
5.3 Members will recall that last year's report showed a significant reduction following an increase the year before (which had been caused primarily by the impact of the Covid-19 pandemic). The analysis for this year's report shows that the Council's risk profile has reduced more slowly this year. However, this

slowdown is not unexpected and is consistent with the direction of travel in the period leading up to the pandemic.

- 5.4 The following section of this report brings the Audit Committee up to date with the current Strategic Risk Register position.

6. Corporate Strategic Risk Register at 1 July 2023

- 6.1 The current “heat map” for the strategic risks included in this update of the register is shown in the table below. Two risks have been removed since the last report (SLT22 relating to the Mental Capacity Act and SLT 35 relating to the Covid Pandemic) and one new risk has been added (SLT38 relating to the Business Continuity Risk arising from the closure of the Public Switched Telephone Network (PSTN) network, hence the arrow moving from zero to its current position). None of the remaining risks have moved since the last report in January 2023.



- 6.3 The table below shows that the long-term pattern of assessed risk level reducing has broadly continued over the last two years. This reflects the increasing grasp on the key risks that need to be managed at a strategic level as well as the continued improvement following the reduction in impact of the pandemic. Since December 2021, just over 33% of risks monitored at a strategic level have reduced in assessed level, just over 46% have remained stable and 20% have increased or are new to the register.

Number	Risk Summary	Dec 21	Jul 22	Dec 22	Jul 23	Risk Movement (Jul 2023 compared to Dec 2021) ↓ = Risk level reduced ↑ = Risk level increased → = Risk level static
SLT01	Children's safeguarding	10	10	10	10	→

SLT03	Failure to deliver the Council Plan due to the pressures generated by the cost-of-living crisis	12*	12	12	12	→*
SLT04	Making sustainable improvement in Children's Services	10	10	10	10	→
SLT07	Response to a future pandemic	8	5	8	8	→
SLT08	Failure to enhance community cohesion	8	8	8	8	→
SLT09	Communications fail to be of sufficient quality	12	6	6	6	↓
SLT10	Failure to attract new business and investment	12	12	12	12	→
SLT11	Risk of lack of effective partnership working	10	12	12	12	↑
SLT16	Financial plans and budget gap	10	10	10	10	→
SLT22	Failure to comply with Mental Capacity Act/DoLs	9	9	9	-	↓
SLT27	Health and Safety and operational risks from property	12	9	9	9	↓
SLT 35	Impact of the COVID pandemic	10	15	6	-	↓
SLT 36	Insufficient resources committed to Carbon Reduction Plan	12	9	9	9	↓
SLT37	Failure to manage and deliver projects	-	9	9	9	↑
SLT38	Business Continuity - Closure of the PTSN Network	-	-	-	15	↑

* Risk Detail has changed, and risk is not now directly comparable – see 6.5 below

- 6.4 As noted in paragraph 6.1, since its last full update reported in January 2023, there has been one new risk added to the CSRR and two risks have been removed or de-escalated from the register. In total, there are now 13 risks on the CSRR.
- 6.5 Risk number SLT03 was rewritten in early 2022 to more accurately reflect the risk that the Council is currently facing relating to pressure on its services, in the context of the current cost of living crisis and as a result is not directly comparable to risk SLT03, as it stood in December 2021. Further details on the changes were reported to the Committee at its July 2022 meeting.
- 6.6 Appendices 1 and 2 are prints of the complete CSRR in two versions. Appendix 1 is the summary version that the Committee would normally review. Appendix 2 is the full, detailed, version of the CSRR. This more detailed version includes additional information on current mitigations in place and makes clearer what mitigation is still to be delivered. The document also sets out the current target level of risk for each risk. This final column is an expression of the Council's risk appetite for that risk. The document at Appendix 2 is being adopted by individual Directorates and has replaced the former spreadsheet-based version of the risk register.
- 6.7 As can be seen from the current version of the CSRR, nine of the thirteen risks on the register have been in situ for a number of years. Whilst they have been regularly updated and amended, these core risks are now over seven years old and a deeper review is needed. A project has recently commenced to regenerate the CSRR from scratch. This has involved a workshop with the Council's Strategic Leadership Team to consider the performance risks, wider sector risks and other risks currently facing the Council. These will be developed into a new series of risks and will be presented at a future Committee meeting.
- 6.8 Previous Committee meetings have requested more detail about the Council's response to events in the Ukraine. Most of the impacts of the war in Ukraine are indirect in that the actual risks are created by the impact on the UK economy and are therefore expressed in Directorate risk registers as being around economic risks rather than explicitly connected to the events that started early in 2022.
- 6.9 The following table sets out the risks (which are either directly or indirectly connected to the Ukraine conflict) that are included on strategic and directorate risk registers. It does not include risks recorded on lower level (service and team registers).

Risk Reference	Risk Description	Risk Score	Comments
SLT16	Directorates failing to deliver services within budget. Finance Settlements from Government being inadequate to meet service costs and demand increases. Economic factors impacting negatively	10	This risk, which is on the CSRR and held by Finance and Customer Services, whilst not explicitly dealing with the Ukraine conflict, covers the corporate risks to the Council of the global inflation that it has driven.

	on business rates and council tax income.		
SLT03	Failure to deliver the Council Plan and Year Ahead Delivery Plan due to the pressures generated by the cost-of-living crisis.	12	This risk is a parallel risk to SLT16. It is held by the Assistant Chief Executive's Directorate and covers the risks to effective delivery of the Council Plan in the context of the economic downturn generated by the war.
ACX25	Failure to meet Council pledge to resettle people on UKRS and Afghan schemes due to lack of suitable affordable housing in Rotherham.	15	This risk is also held by the Assistant Chief Executive's Directorate and the risk detail explicitly covers the issues connected to the influx of refugees from the Ukraine war, as well as other resettlement schemes.
R&E 42	Risk of a considerable increase in utility costs to the Operational Property Estate which will have a considerable impact upon Budgets	15	Risk R&E 42 deals with the explicit risks of the utility price increases caused by the war, on budgets for Council property.

- 6.10 Risks SLT03 and 16, as well as ACX25, all existed on our risk registers prior to the Ukraine war, however each have been extensively rewritten in the past 12 months to reflect the current situation. Risk R&E42 is a new risk, generated by the consequences of the war.

7. Future Developments

- 7.1 The roll out of the online training, mentioned in paragraph 3.6, is the final element in the refresh of our training provision and the success of this will be monitored throughout the coming year. Additionally, the Risk Champions Group has seen a significant amount of turnover in membership in the past few months and work will be needed to ensure that the new members are supported to be effective in their roles. This will include training and one to one meetings as required and this process is already taking place.
- 7.2 As noted in section 6, a new format has been adopted for risk registers, which combines the presentational style of the summary risk register and heat map, with the detail included on the risk forms. Directorates are now starting to adopt this format for their registers, and this roll out will continue throughout the remainder of this financial year.
- 7.3 Section 6 also notes that work is now underway to refresh the CSRR and ensure that it accurately reflects the risk profile of the Council. This work will be completed before the end of 2023.
- 7.4 Further work on the Council's Assurance Framework, which is designed to demonstrate how the Council obtains assurance that the individual risks are being appropriately managed, will be carried out in the latter part of the year. 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.

- 7.5 Finally, the Corporate Risk Management Policy and Guide will also be refreshed in the latter part of 2023, with a revised version presented to the Audit Committee for approval at its November meeting.

8. Options considered and recommended proposal

- 8.1 Not applicable.

9. Consultation

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

10. Timetable and Accountability for Implementing this Decision

- 10.1 Not applicable.

11. Financial and Procurement Implications

- 11.1 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.

12. Legal Implications

- 12.1 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.

13. Human Resources Implications

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

14. Implications for Children and Young People and Vulnerable Adults

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

15. Equalities and Human Rights Implications

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

16. Implications for Partners and Other Directorates

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

17. Risks and Mitigation

- 17.1 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.

18. 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:

Not Applicable for the Appendices – Private Report

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Council Report

Audit Committee Meeting – 26th September 2023

Title

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

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

No.

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director Finance and Customer Services.

Report Author(s)

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

Ward(s) Affected

All wards.

Report Summary

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

Recommendations

The Audit Committee is asked to:

- review and comment on the revised Anti-Fraud and Corruption Policy
- approve the revised Anti-Fraud and Corruption Strategy, and
- note the actions taken to strengthen the Council's fraud and corruption arrangements.

List of Appendices Included:-

Appendix A – Anti Fraud and Corruption Policy 2023
Appendix B – Anti Fraud and Corruption Strategy 2023
Appendix C – Anti Fraud and Corruption Policy from 2022 showing tracked changes
Appendix D – Anti Fraud and Corruption Strategy from 2022 showing tracked changes
Appendix E – Self-assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption

Background Papers

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

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

Council Approval Required
No.

Exempt from the Press and Public
No.

Title: Anti-Fraud & Corruption Policy and Strategy

1. Background

- 1.1 Rotherham Metropolitan Borough Council, like every Local Authority, has a duty to ensure that it safeguards the public money that it is responsible for. It expects the highest standards of conduct and integrity from all who have dealings with it including staff; members; contractors; volunteers and the public. The Council is committed to the elimination of fraud and corruption and to ensuring that all activities are conducted ethically; honestly and to the highest possible standard.
- 1.2 The Council's last update of its Anti-Fraud and Corruption Policy and Strategy was in September 2022. This report provides an update to the Anti-Fraud and Corruption Policy and Strategy. As required by the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, an assessment against the Strategy has been completed and the results are included in this report.

2. Key Issues

- 2.1 The Council's updated Anti-Fraud & Corruption Policy is attached at **Appendix A** and the updated Strategy is included at **Appendix B**.
- 2.2 The contents have been reviewed with only minor changes having been made. The Policy shows the Council's aims and responsibilities while the Strategy shows how those aims are achieved. The tracked changes are shown in **Appendices C and D**.
- 2.3 Attached at **Appendix E** is an update to the self-assessment against the CIPFA Code of Practice. This leads to the action plan for maintaining / developing the Council's arrangements.

3. Options Considered and Recommended Proposal

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

4. Consultation on Proposal

- 4.1 This section is not applicable to this report.

5. Timetable and Accountability for Implementing this Decision

- 5.1 This section is not applicable to this report.

6. Financial and Procurement Advice and Implications

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

7. Legal Advice and Implications

7.1 There are no legal implications arising from this report.

8. Human Resources Advice and Implications

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

9. Implications for Children and Young People and Vulnerable Adults

9.1 There are no immediate implications associated with the proposals.

10. Equalities and Human Rights Advice and Implications

10.1 There are no immediate implications associated with this report.

11. Implications for Partners

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

12. Risks and Mitigation

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

13. Accountable Officer(s)

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



Anti-Fraud & Corruption Policy

Contents.

- 1. Introduction.**
- 2. Policy Context.**
- 3. Anti-Fraud and Corruption Policy.**
- 4. How the Council Currently Manages the Risk of Fraud and Corruption.**

Internal Control Environment
Key Controls
Roles and Responsibilities
Policies, Procedures and Controls
Internal Audit Activity
Review

September 2023

1. Introduction.

Context

- 1.1 Fraud affects the UK across all sectors and causes significant harm. The latest comprehensive set of figures relating to fraud published by the University of Portsmouth was in a report entitled “The Financial Cost of Fraud 2021 – The latest data from around the world”. This indicates that fraud may be costing the UK as much as £137bn a year.
- 1.2 The Council employs around 6900 staff and spends around £700m per year. The Council both commissions and provides a wide range of services to individuals and households, working with a range of many other private and public and voluntary sector organisations. The size and nature of our services, as with any other large organisation, mean that there is an ever-present risk of loss due to fraud and corruption, from sources both internal and external.
- 1.3 RMBC takes a responsible, long-term view of the need to continuously develop anti-fraud initiatives and maintain its culture of anti-fraud awareness.
- 1.4 The Council expects all Councillors, employees, consultants, contractors and service users to be honest, and to provide any information, help and support the Council needs to prevent and detect fraud and corruption.

Links to Strategic Objectives

- 1.5 The Council developed a Council Plan for 2022/2025 and the Cabinet continues to work to ensure Council decisions reflect the concerns of local people and the needs of local communities.
- 1.6 An effective anti-fraud and corruption policy and strategy is a critical component of the Council’s scrutiny and governance framework and will support partnership objectives to create safe and healthy communities.
- 1.7 The Council recognises that it is important that its policy is deliverable and clearly links to operational considerations. Our approach is articulated in the Council’s Anti-Fraud and Corruption Strategy, which is focused on identifying, delivering and monitoring outcomes, and an action plan which includes practical measures which ensures the Council’s Policy is turned into practice.

2. Background – Principles of Public Life.

- 2.1 The Nolan Report relating to the Principles of Public Life published in 1997 defined seven general principles that should underpin public life. These were subsequently incorporated by the Government into the “Relevant Authorities (General Principles) Order 2001”. The Council expects both members and employees to follow these principles when carrying out their roles and responsibilities:-

- **Selflessness.** Holders of public office should act solely in terms of the public interest.
- **Integrity.** Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
- **Objectivity.** Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- **Accountability.** Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
- **Openness.** Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
- **Honesty.** Holders of public office should be truthful.
- **Leadership.** Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

2.2 The Council is fully committed to ensuring that it carries out its day-to-day operations in accordance with the principles of good Corporate Governance, including integrity, openness and accountability. These principles require a culture within the Council that is based upon honesty, where accountability is clear and where decisions and behaviours can be challenged.

2.3 An Anti-Fraud and Corruption Policy is an essential element of such a culture and signifies the Council's expectation that elected Members and employees at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

3. Anti-Fraud and Corruption Policy.

3.1 The Council is determined to prevent and eliminate all fraud and corruption affecting itself, regardless of whether the source is internally or externally based. Our strategy to reduce fraud is based on deterrence, prevention, detection, investigation, sanctions and redress within an over-riding anti-fraud culture. We will promote this culture across all our service areas and within the community as a whole. One pound lost to fraud means one pound less for public services. Fraud is not acceptable and will not be tolerated.

3.2 The Council takes a holistic approach to anti-fraud measures. Fraud prevention and system security is an integral part of the development of new systems and ongoing operations. Managers will consider the fraud threats and take advice where appropriate when implementing any financial or operational system.

3.3 To achieve this aim the Council will:-

- Identify the procedures to encourage Members, employees and the general public to report any suspicions of fraud and corruption in the knowledge that such reports will be treated confidentially and not result in discrimination against the person providing the information.
- Identify procedures and policies within the Council to encourage prevention.
- Promote detection.
- Determine the procedure for investigation and subsequent actions required following the conclusion of the investigation.

3.4 The Policy is designed to supplement existing Council policies and procedures including Financial and Procurement Procedure Rules, Codes of Conduct (Employees and Members) and the Disciplinary Procedure.

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

4.1 The Council continues to experience a relatively low level of detected fraudulent and corrupt activity. Where such activity has been identified, prompt action has been taken to investigate and seek sanctions and redress. In its policies and procedures, the Council gives out the clear message that it will not tolerate any impropriety by employees, Members, consultants, contractors and service users.

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

Internal Control Environment

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

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

Key Controls

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

- The Authority has an effective anti-fraud and anti-corruption policy and maintains a culture that will not tolerate fraud or corruption
- All Members and employees act with integrity and lead by example.
- Senior Managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the Authority or who are corrupt.
- High standards of conduct are promoted amongst Members by the Standards Committee, including the provision of advice and relevant training on matters relating to the Code of Conduct.
- A Corporate, electronic Register of Interests is maintained to enable Members and employees to record any financial or non-financial interests that may bring about conflict with the Authority's interests.

- A Corporate, electronic, Register of Gifts and Hospitality is maintained to enable employees to record gifts and hospitality either received, or offered and declined, from the Authority's contractors and suppliers.
- Confidential Reporting ("Whistleblowing") procedures are in place and operate effectively.
- All relevant legislation is adhered to.
- The risk of theft, fraud and corruption is specifically considered as part of the Council's risk management processes.

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

Roles and Responsibilities

4.7 Members should:

- Be aware of situations of potential conflict of interest and should always declare any interests and also the receipt of gifts and hospitality valued in excess of £50 that are in any way related to the performance of their duties as an elected member of the Council. Examples of situations of potential conflict include letting of contracts to external suppliers, planning and land issues. Declarations should be made on the on-line form which is managed centrally by the Corporate Support Unit. Members' conduct and decisions should always be seen to be impartial together with an obligation to ensure that confidential information is not improperly disclosed to others.

4.8 Strategic Directors will:

- Ensure that all suspected financial irregularities or financial impropriety that are brought to their attention are reported to the Head of Internal Audit.
- Instigate the Authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
- Ensure that all Declarations of Interest and entries in the Gifts and Hospitality Register are reviewed (and where applicable, a risk assessment has been undertaken) by Line Managers / Senior Managers.
- Ensure staff dealing with financial systems including cash handling and payment systems (cashier / payroll / creditors etc) are appropriately trained.
- Ensure that as far as possible all new employees, regardless of type of employment contract, have their honesty and integrity verified by authenticated written references and qualifications checks. In circumstances where potential employees are working with children and vulnerable members of society that Disclosure and Barring Service [DBS] checks are undertaken.

4.9 The Head of Internal Audit will:

- Develop and maintain an Anti-Fraud and Corruption Policy and Strategy.
- Evaluate and give an annual opinion on the adequacy and effectiveness of internal control arrangements.

4.10 Employees should:

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

- Comply with the Council's Code of Official Conduct together with any additional code relating to their professional qualifications.
- Act in accordance with Financial and Procurement Procedure Rules.
- Declare any interests and offers of gifts and hospitality that are in any way related to the performance of their duties of employment at the Council. Both the Register of Interests and Gifts and Hospitality Register are electronic and they are managed corporately by the Corporate Support Unit.

Policies, Procedures and Codes

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

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

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

Internal Audit Activity

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

4.14 The plan also includes provision for Anti-Fraud projects and investigations into suspected fraud to be carried out.

4.15 Internal Audit co-ordinates the National Fraud Initiative (NFI) exercise within RMBC. This is a biennial data-matching exercise that helps detect and prevent fraud and overpayments from the public purse across the UK. The NFI matches data across organisations and systems to help public bodies identify fraud and overpayments. In addition, there are annual exercises examining the Electoral Roll and Single Person Discounts.

Review

4.16 The Council's arrangements are kept up to date by checking against best practice guidance including the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

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Anti-Fraud & Corruption Strategy

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

September 2023

Contents

- 1. Purpose and Objectives of this Document**
- 2. What is Fraud and Corruption?**
 - Fraud**
 - Theft**
 - Corruption**
 - Bribery**
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- 4. Keeping Ahead**
- 5. Reporting of Suspected Fraud and Corruption**
- 6. Whistleblowing Arrangements**
- 7. Investigation of Suspected Fraud and Corruption**

1. Purpose and Objectives of this Document.

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

2. What is Fraud and Corruption?

Fraud

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

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

The Act also created four new offences of: -

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

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

Theft

- 2.3 Theft is defined in the 1968 Theft Act:-

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

Corruption

- 2.4 The HM Government Anti-Corruption Strategy states that there is no universally accepted definition of corruption, but it is generally understood to involve the abuse of office and position to benefit a third party (an individual, business or other organisation), in return for payment or other reward. These features are captured in Transparency International's definition: *"The misuse of entrusted power for personal gain."*

Bribery

2.5 A bribe is:

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

2.6 The Bribery Act 2010 replaced the common law offences of offering or accepting a bribe with two statutory offences (S1 and S2). The Act also created two further offences: namely that of bribing or attempting to bribe a foreign official (S6) and being a commercial organisation failing to prevent bribery (S7). An S7 offence can only be committed by a commercial organisation.

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- Local Councillors - Details of how to contact them and surgery hours are on the Council's website www.rotherham.gov.uk;
 - Grant Thornton - the Council's External Auditors. They are completely independent from the Council and can be contacted on 0113 245 5514 or by writing to them at:-

Grant Thornton UK LLP,
No 1 Whitehall Riverside
Whitehall Road
Leeds
LS1 4BN
- Relevant professional bodies;
 - Solicitors;
 - South Yorkshire Police - Telephone: 101;
 - PROTECT - An independent authority which seeks to ensure that concerns about malpractice are properly raised and addressed in the workplace. PROTECT can provide confidential advice at any stage about how to raise a concern about fraud or other serious malpractice in the workplace. PROTECT can be contacted by telephone on 020 3117 2520. Contact details are on their website at <https://protect-advice.org.uk/>
 - By contacting the relevant prescribed person on the list at:
Whistleblowing: list of prescribed people and bodies – GOV.UK (www.gov.uk)
- 6.6 Concerns about a child safeguarding issue, e.g. that a child may have suffered harm, neglect or abuse, can be reported to the Children's Social Care Service on 01709 336080; or in an emergency contact South Yorkshire Police direct.
- 6.7 Adult safeguarding concerns can be reported to the Adult Care Service on 01709 822330, or in an emergency contact South Yorkshire Police direct.

7. Investigation of Suspected Fraud and Corruption

- 7.1 The responsibility for the prevention of fraud, other irregularities and error rests with management. Internal Audit is responsible for reporting to management on areas of weakness and deficiencies in internal controls and financial systems, together with investigating circumstances where occurrence of fraud is suspected.
- 7.2 Once management has discovered, or suspected, a fraud Internal Audit should be notified immediately.
- 7.3 When Internal Audit discovers or suspects a fraud, management of the relevant department will be contacted to discuss and agree on how the matter will be

investigated. The Strategic Director Finance and Customer Services will be notified of all frauds and the Chief Executive briefed regarding significant issues.

- 7.4 Where the matter involves employees of the Council it will be necessary to tie the investigation into the Council's Disciplinary Procedure and it will be appropriate to consult with a Human Resource Service Manager to discuss procedures for possible suspension of the employee pending further investigation.
- 7.5 Members shall be informed of any investigation into Council affairs that requires reporting to the External Auditor as soon as is practical without prejudicing the investigation.
- 7.6 The objectives of any investigation shall be to:
- ✓ Prove or disprove the original suspicions of fraud.
 - ✓ Provide evidence in an appropriate format to substantiate proven cases of fraud.
 - ✓ Implement appropriate controls to prevent a recurrence of the incident.
- 7.7 The investigation should be conducted by Internal Audit in conjunction with management of the department in the following manner:
- ✓ Secrecy and confidentiality shall be maintained at all times.
 - ✓ An early decision may be required, in consultation with Human Resources, on whether to suspend an employee to ensure evidence is not tampered with, subject to the proviso that the suspension does not prejudice the outcome of the investigation.
 - ✓ All documentation and evidence that is relevant to the investigation should be requisitioned and secured at an early stage by either management or Internal Audit. Evidence and relevant information should be properly documented, considered and evaluated and returned on the conclusion of the investigation.
- 7.8 Interviews with potential perpetrators of fraud will normally be held both at the beginning and at the end of an investigation. However, this procedure may be subject to alteration dependent upon circumstances. Interviews will be held in accordance with the Council's disciplinary procedure and, in cases where the person(s) under investigation are employees of the Council, they will be allowed to have a work colleague, friend, or trade union representative present.
- 7.9 Once a decision has been reached after interviewing the suspect, the following further matters will need to be considered:
- Involvement of Police: the Council should always have a consistent and fair approach to the involvement of the Police in proven cases of fraud and corruption. The question of Police involvement should be discussed by the relevant Strategic Director, the Strategic Director Finance and Customer Services, the Head of Internal Audit and the Assistant Director – HR and OD. The Chief Executive should then be informed of the decision reached. In appropriate cases the Police will be notified, in order for them to investigate

and determine with the Crown Prosecution Service whether any prosecution will take place.

- Informing the External Auditor: the External Auditor should always be informed of the outcome of all fraud investigations as required to fulfil their role relating to fraud.
- Review of Systems - where a fraud has occurred as a result of weaknesses in existing systems, then steps must be taken to remedy the problem to prevent recurrence.
- Insurance / Recovery of Losses incurred: Chief Officers shall take appropriate action to ensure that the losses incurred by the Council are minimised including:
 - (i) Recovering losses directly from the perpetrator of the fraud.
 - (ii) Recovery from an employee's contributions to the Superannuation Fund, where appropriate.
 - (iii) Claiming against the Council's insurance policy.

7.10 Attempts of cyber-crime or fraud by organised criminals are investigated nationally by the Police and reported to Action Fraud by Internal Audit. Action Fraud Alert is provided by the National Fraud Intelligence Bureau which is run by the City of London Police as a national service.

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Anti-Fraud & Corruption Policy

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- 1. Introduction.**
- 2. Policy Context.**
- 3. Anti-Fraud and Corruption Policy.**
- 4. How the Council Currently Manages the Risk of Fraud and Corruption.**

Internal Control Environment
Key Controls
Roles and Responsibilities
Policies, Procedures and Controls
Internal Audit Activity
Review

September 2023

1. Introduction.

Context

- 1.1 Fraud affects the UK across all sectors and causes significant harm. The latest comprehensive set of figures relating to fraud published by the University of Portsmouth was in a report entitled “The Financial Cost of Fraud 2021 – The latest data from around the world”. This indicates that fraud may be costing the UK as much as £137bn a year.
- 1.2 The Council employs around 6900 staff and spends around £700m per year. The Council both commissions and provides a wide range of services to individuals and households, working with a range of many other private and public and voluntary sector organisations. The size and nature of our services, as with any other large organisation, mean that there is an ever-present risk of loss due to fraud and corruption, from sources both internal and external.
- 1.3 RMBC takes a responsible, long-term view of the need to continuously develop anti-fraud initiatives and maintain its culture of anti-fraud awareness.
- 1.4 The Council expects all Councillors, employees, consultants, contractors and service users to be honest, and to provide any information, help and support the Council needs to prevent and detect fraud and corruption.

Links to Strategic Objectives

- 1.5 The Council developed a Council Plan for 2022/2025 and the Cabinet continues to work to ensure Council decisions reflect the concerns of local people and the needs of local communities.
- 1.6 An effective anti-fraud and corruption policy and strategy is a critical component of the Council’s scrutiny and governance framework and will support partnership objectives to create safe and healthy communities.
- 1.7 The Council recognises that it is important that its policy is deliverable and clearly links to operational considerations. Our approach is articulated in the Council’s Anti-Fraud and Corruption Strategy, which is focused on identifying, delivering and monitoring outcomes, and an action plan which includes practical measures which ensures the Council’s Policy is turned into practice.

2. Background – Principles of Public Life.

- 2.1 The Nolan Report relating to the Principles of Public Life published in 1997 defined seven general principles that should underpin public life. These were subsequently incorporated by the Government into the “Relevant Authorities (General Principles) Order 2001”. The Council expects both members and employees to follow these principles when carrying out their roles and responsibilities:-

- **Selflessness.** Holders of public office should act solely in terms of the public interest.
- **Integrity.** Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
- **Objectivity.** Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- **Accountability.** Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
- **Openness.** Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
- **Honesty.** Holders of public office should be truthful.
- **Leadership.** Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

2.2 The Council is fully committed to ensuring that it carries out its day-to-day operations in accordance with the principles of good Corporate Governance, including integrity, openness and accountability. These principles require a culture within the Council that is based upon honesty, where accountability is clear and where decisions and behaviours can be challenged.

2.3 An Anti-Fraud and Corruption Policy is an essential element of such a culture and signifies the Council's expectation that elected Members and employees at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

3. Anti-Fraud and Corruption Policy.

3.1 The Council is determined to prevent and eliminate all fraud and corruption affecting itself, regardless of whether the source is internally or externally based. Our strategy to reduce fraud is based on deterrence, prevention, detection, investigation, sanctions and redress within an over-riding anti-fraud culture. We will promote this culture across all our service areas and within the community as a whole. One pound lost to fraud means one pound less for public services. Fraud is not acceptable and will not be tolerated.

3.2 The Council takes a holistic approach to anti-fraud measures. Fraud prevention and system security is an integral part of the development of new systems and ongoing operations. Managers will consider the fraud threats and take advice where appropriate when implementing any financial or operational system.

3.3 To achieve this aim the Council will:-

- Identify the procedures to encourage Members, employees and the general public to report any suspicions of fraud and corruption in the knowledge that such reports will be treated confidentially and not result in discrimination against the person providing the information.
- Identify procedures and policies within the Council to encourage prevention.
- Promote detection.
- Determine the procedure for investigation and subsequent actions required following the conclusion of the investigation.

3.4 The Policy is designed to supplement existing Council policies and procedures including Financial and Procurement Procedure Rules, Standing Orders and Financial Regulations, Codes of Conduct (Employees and Members) and the Disciplinary Procedure.

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

4.1 The Council continues to experience a relatively low level of detected fraudulent and corrupt activity. Where such activity has been identified, prompt action has been taken to investigate and seek sanctions and redress. In its policies and procedures, the Council gives out the clear message that it will not tolerate any impropriety by employees, ~~or~~ Members, consultants, contractors and service users.

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

Internal Control Environment

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

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

Key Controls

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

- The Authority has an effective anti-fraud and anti-corruption policy and maintains a culture that will not tolerate fraud or corruption
- All Members and employees act with integrity and lead by example.
- Senior Managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the Authority or who are corrupt.
- High standards of conduct are promoted amongst Members by the Standards Committee, including the provision of advice and relevant training on matters relating to the Code of Conduct.

- A Corporate, electronic Register of Interests is maintained to enable Members and employees to record any financial or non-financial interests that may bring about conflict with the Authority's interests.
- A Corporate, electronic, Register of Gifts and Hospitality is maintained to enable employees to record gifts and hospitality either received, or offered and declined, from the Authority's contractors and suppliers.
- Confidential Reporting ("Whistleblowing") procedures are in place and operate effectively.
- All relevant legislation is adhered to.
- The risk of theft, fraud and corruption is specifically considered as part of the Council's risk management processes.

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

Roles and Responsibilities

4.7 Members should:

- Be aware of situations of potential conflict of interest and should always declare any interests and also the receipt of gifts and hospitality valued in excess of £50 that are in any way related to the performance of their duties as an elected member of the Council. Examples of situations of potential conflict include letting of contracts to external suppliers, planning and land issues. Declarations should be made on the on-line form which is managed centrally by the Corporate Support Unit. Members' conduct and decisions should always be seen to be impartial together with an obligation to ensure that confidential information is not improperly disclosed to others.

4.8 Strategic Directors will:

- Ensure that all suspected financial irregularities or financial impropriety that are brought to their attention are reported to the Head of Internal Audit.
- Instigate the Authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
- Ensure that all Declarations of Interest and entries in the Gifts and Hospitality Register are reviewed (and where applicable, a risk assessment has been undertaken) by Line Managers / Senior Managers.
- Ensure staff dealing with financial systems including cash handling and payment systems (cashier / payroll / creditors etc) are appropriately trained.
- Ensure that as far as possible all new employees, regardless of type of employment contract, have their honesty and integrity verified by authenticated written references and qualifications checks. In circumstances where potential employees are working with children and vulnerable members of society that Disclosure and Barring Service [DBS] checks are undertaken.

4.9 The Head of Internal Audit will:

- Develop and maintain an Anti-Fraud and Corruption Policy and Strategy.
- Evaluate and give an annual opinion on the adequacy and effectiveness of internal control arrangements.

4.10 Employees should:

- Always be alert to the possibility of theft, fraud and corruption occurring in the workplace and be aware of the mechanisms available for reporting such issues to management within the Authority.
- Comply with the Council's Code of Official Conduct together with any additional code relating to their professional qualifications.
- Act in accordance with Financial and Procurement Procedure Rules.
- Declare any interests and offers of gifts and hospitality that are in any way related to the performance of their duties of employment at the Council. Both the Register of Interests and Gifts and Hospitality Register are electronic and they are managed corporately by the Corporate Support Unit.

Policies, Procedures and Codes

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

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

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

Internal Audit Activity

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

4.14 The plan also includes provision for Anti-Fraud projects and investigations into suspected fraud to be carried out.

4.15 Internal Audit co-ordinates the National Fraud Initiative (NFI) exercise within RMBC. This is a biennial data-matching exercise that helps detect and prevent fraud and overpayments from the public purse across the UK. The NFI matches data across organisations and systems to help public bodies identify fraud and overpayments. In addition, there are also annual exercises examining the Electoral Roll and Single Person Discounts and at the time of writing the Council has reviewed all NFI data matches.

Review

4.16 The Council's arrangements are kept up to date by checking against best practice guidance including the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

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Anti-Fraud & Corruption Strategy

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

September 2023

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Contents

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- 2. What is Fraud and Corruption?**
 - Fraud**
 - Theft**
 - Corruption**
 - Bribery**
- 3. Objectives of the Strategy**
- 4. Keeping Ahead**
- 5. Reporting of Suspected Fraud and Corruption**
- 6. Whistleblowing Arrangements**
- 7. Investigation of Suspected Fraud and Corruption**

1. Purpose and Objectives of this Document.

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

2. What is Fraud and Corruption?

Fraud

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

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

The Act also created four new offences of: -

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

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

Theft

- 2.3 Theft is defined in the 1968 Theft Act:-

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

Corruption

- 2.4 The HM Government Anti-Corruption Strategy states that there is no universally accepted definition of corruption, but it is generally understood to involve the abuse of office and position to benefit a third party (an individual, business or other organisation), in return for payment or other reward. These features are captured in Transparency International's definition: *"The misuse of entrusted power for personal gain."*

Bribery

2.5 A bribe is:

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

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 - ✓ The names of persons present (or description if the name is not known).
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- ✓ Report any suspicions as rapidly as possible together with the relevant details to an appropriate level of authority and experience. This can either be
 - a line manager **OR**
 - the Internal Audit Service on Ext 23282 **OR**
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 - the Head of Legal Services on Ext 23661 **OR**
 - the Chief Executive on Ext 22770.

Alternatively any suspicions may be put in writing to the **Head of Internal Audit, Riverside House, Main Street, Rotherham, S60 1AE**, with the envelope marked "**CONFIDENTIAL – TO BE OPENED BY THE ADDRESSEE ONLY**".

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

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Setting out the following information:-

- Name: (unless they wish to be anonymous)
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- What is the nature of the alleged serious wrongdoing?

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- Head of Internal Audit – [Louise Ivens Tel: tbd, e mail tbd](#)

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

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Grant Thornton UK LLP,
No 1 Whitehall Riverside
Whitehall Road
Leeds
LS1 4BN
- Relevant professional bodies;
 - Solicitors;
 - South Yorkshire Police - Telephone: 101;
 - PROTECT - An independent authority which seeks to ensure that concerns about malpractice are properly raised and addressed in the workplace. PROTECT can provide confidential advice at any stage about how to raise a concern about fraud or other serious malpractice in the workplace. PROTECT can be contacted by telephone on 020 3117 2520. Contact details are on their website at <https://protect-advice.org.uk/>
 - By contacting the relevant prescribed person on the list at:
Whistleblowing: list of prescribed people and bodies – GOV.UK (www.gov.uk)
- 6.6 Concerns about a child safeguarding issue, e.g. that a child may have suffered harm, neglect or abuse, can be reported to the Children's Social Care Service on 01709 336080; or in an emergency contact South Yorkshire Police direct.
- 6.7 Adult safeguarding concerns can be reported to the Adult Care Service on 01709 822330, or in an emergency contact South Yorkshire Police direct.

7. Investigation of Suspected Fraud and Corruption

- 7.1 The responsibility for the prevention of fraud, other irregularities and error rests with management. Internal Audit is responsible for reporting to management on areas of weakness and deficiencies in internal controls and financial systems, together with investigating circumstances where occurrence of fraud is suspected.
- 7.2 Once management has discovered, or suspected, a fraud Internal Audit should be notified immediately.
- 7.3 When Internal Audit discovers or suspects a fraud, management of the relevant department will be contacted to discuss and agree on how the matter will be

investigated. The Strategic Director Finance and Customer Services will be notified of all frauds and the Chief Executive briefed regarding significant issues.

- 7.4 Where the matter involves employees of the Council it will be necessary to tie the investigation into the Council's Disciplinary Procedure and it will be appropriate to consult with a Human Resource Service Manager to discuss procedures for possible suspension of the employee pending further investigation.
- 7.5 Members shall be informed of any investigation into Council affairs that requires reporting to the External Auditor as soon as is practical without prejudicing the investigation.
- 7.6 The objectives of any investigation shall be to:
- ✓ Prove or disprove the original suspicions of fraud.
 - ✓ Provide evidence in an appropriate format to substantiate proven cases of fraud.
 - ✓ Implement appropriate controls to prevent a recurrence of the incident.
- 7.7 The investigation should be conducted by Internal Audit in conjunction with management of the department in the following manner:
- ✓ Secrecy and confidentiality shall be maintained at all times.
 - ✓ An early decision may be required, in consultation with Human Resources, on whether to suspend an employee to ensure evidence is not tampered with, subject to the proviso that the suspension does not prejudice the outcome of the investigation.
 - ✓ All documentation and evidence that is relevant to the investigation should be requisitioned and secured at an early stage by either management or Internal Audit. Evidence and relevant information should be properly documented, considered and evaluated and returned on the conclusion of the investigation.
- 7.8 Interviews with potential perpetrators of fraud will normally be held both at the beginning and at the end of an investigation. However, this procedure may be subject to alteration dependent upon circumstances. Interviews will be held in accordance with the Council's disciplinary procedure and, in cases where the person(s) under investigation are employees of the Council, they will be allowed to have a work colleague, friend, or trade union representative present.
- 7.9 Once a decision has been reached after interviewing the suspect, the following further matters will need to be considered:
- Involvement of Police: the Council should always have a consistent and fair approach to the involvement of the Police in proven cases of fraud and corruption. The question of Police involvement should be discussed by the relevant Strategic Director, the Strategic Director Finance and Customer Services, the Head of Internal Audit and the Assistant Director – HR and OD. The Chief Executive should then be informed of the decision reached. In appropriate cases the Police will be notified, in order for them to investigate

and determine with the Crown Prosecution Service whether any prosecution will take place.

- Informing the External Auditor: the External Auditor should always be informed of the outcome of all fraud investigations as required to fulfil their role relating to fraud.
- Review of Systems - where a fraud has occurred as a result of weaknesses in existing systems, then steps must be taken to remedy the problem to prevent recurrence.
- Insurance / Recovery of Losses incurred: Chief Officers shall take appropriate action to ensure that the losses incurred by the Council are minimised including:
 - (i) Recovering losses directly from the perpetrator of the fraud.
 - (ii) Recovery from an employee's contributions to the Superannuation Fund, where appropriate.
 - (iii) Claiming against the Council's insurance policy.

7.10 Attempts of cyber-crime or fraud by organised criminals are investigated nationally by the Police and reported to Action Fraud by Internal Audit. Action Fraud Alert is provided by the National Fraud Intelligence Bureau which is run by the City of London Police as a national service.

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

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

The five key principles of the code are to:	Specific steps should include:	RMBC Compliance Y/N/P [partial]	Details of Compliance	Action Required	Action Plan Rec Ref
A. Acknowledge responsibility The governing body should acknowledge its responsibility for ensuring that the risks associated with fraud and corruption are managed effectively across all parts of the organisation.	A1 The organisation's leadership team acknowledge the threats of fraud and corruption and the harm they can cause to the organisation, its aims and objectives and to its service users.	Y	Anti-Fraud & Corruption Policy; Strategy and self-assessment presented to Audit Committee on 26 th September 2023.		
	A2 The organisation's leadership team acknowledge the importance of a culture that is resilient to the threats of fraud and corruption and aligns to the principles of good governance.	Y	As above		
	A3 The governing body acknowledges its responsibility for ensuring the management of its fraud and corruption risks and will be accountable for the actions it takes through its governance reports.	Y	As above		
	The governing body sets a specific goal of ensuring and maintaining its resilience to fraud and corruption and explores opportunities for financial savings from enhanced fraud detection and prevention.	Y	As above		
B. Identify risks. Fraud risk identification is essential to understand specific exposures to risk,	B1 Fraud risks are routinely considered as part of the organisation's risk management arrangements.	Y	Fraud risks are routinely considered by risk champions.		
	B2 The organisation identifies the risks of corruption and the importance of		Anti-Fraud & Corruption Strategy and Policy.		

The five key principles of the code are to:	Specific steps should include:	RMBC Compliance Y/N/P [partial]	Details of Compliance	Action Required	Action Plan Rec Ref
changing patterns in fraud and corruption threats and the potential consequences to the organisation and its service users.	behaving with integrity in its governance framework.	Y	Code of Official Conduct.		
	B3 The organisation uses published estimates of fraud loss, and where appropriate, its own measurement exercises, to aid its evaluation of fraud risk exposures.	Y	When formulating the Internal Audit [IA] Plan, IA considers published national estimates of fraud loss. IA also considers previous fraud losses.		
	B4 The organisation evaluates the harm to its aims and objectives and service users that different fraud risks can cause.	Y	Fraud risks are considered as part of the standard evaluation of risks.		
C. Develop a strategy. An organisation needs a counter fraud strategy setting out its approach to managing its risks and defining responsibilities for action.	C1 The governing body formally adopts a counter fraud and corruption strategy to address the identified risks and align with the organisation's acknowledged responsibilities and goals.	Y	Anti-Fraud & Corruption Policy; Strategy and self-assessment presented to Audit Committee on 26th September 2023.		
	C2 The strategy includes the organisation's use of joint working or partnership approaches to managing its risks, where appropriate.	Y	See Anti-Fraud & Corruption Policy Sections 1.6 and 1.7.		
	C3 The strategy includes both proactive and responsive approaches that are best suited to the organisation's fraud and corruption risks. Proactive and responsive components of a good practice response to fraud risk management are set out <u>below</u> :				

The five key principles of the code are to:	Specific steps should include:	RMBC Compliance Y/N/P [partial]	Details of Compliance	Action Required	Action Plan Rec Ref
	Proactive Developing a counter-fraud culture to increase resilience to fraud.	Y	Mentioned many times within the Anti-Fraud & Corruption Strategy. The fraud awareness e.Learning course has been reviewed and updated and has been relaunched on the new e.learning platform. It is available as learning for all staff and is a mandatory e.learning course for specific individuals.		
	Proactive Preventing fraud through the implementation of appropriate and robust internal controls and security measures.	Y	See Self-Assessment, Section C1. Anti-Fraud & Corruption Policy, Sections 4.3 & 4.4.		
	Proactive Using techniques such as data matching to validate data	Y	See Self-Assessment, Section C1. Use of TeamMate is considered for each audit. We participate in the National Fraud Initiatives data matching exercise.		

The five key principles of the code are to:	Specific steps should include:	RMBC Compliance Y/N/P [partial]	Details of Compliance	Action Required	Action Plan Rec Ref
			We are a member of the South & West Yorkshire Fraud Group.		
	Proactive Deterring fraud attempts by publicising the organisation's anti-fraud and corruption stance and the actions it takes against fraudsters	Y	See Self-Assessment Section E4. Copies of the Anti-Fraud and Corruption Policy and Strategy are on the Council Website. Council website includes facility to report Blue Badge / Benefit Fraud / Trading Standards		
	Responsive Detecting fraud through data and intelligence analysis	Y	See Self-Assessment, Section C.1. Internal Audit uses analytics for fraud and non-fraud work:		
	Responsive Implementing effective whistleblowing arrangements.	Y	Anti-Fraud & Corruption Strategy, Section 6. Anti-Fraud & Corruption Policy Section 4.11.		
	Responsive Investigating fraud referrals.		See Self-Assessment, Section C.1.		

The five key principles of the code are to:	Specific steps should include:	RMBC Compliance Y/N/P [partial]	Details of Compliance	Action Required	Action Plan Rec Ref
		Y	Anti-fraud & Corruption Strategy Section 7. Link to Fraud and Investigation Plan and Disciplinary Procedures.		
	Responsive Applying sanctions, including internal disciplinary, regulatory and criminal.	Y	See Self-Assessment, Section C.1. Anti-fraud & Corruption Strategy Section 7.9.		
	Responsive Seeking redress, including the recovery of assets and money where possible	Y	See Self-Assessment, Section C.1. Anti-fraud & Corruption Strategy Section 7.9.		
	C4 The strategy includes clear identification of responsibility and accountability for delivery of the strategy and for providing oversight.	Y	Anti-Fraud & Corruption Policy 4.3 & 4.4.		
D. Provide Resources. The organisation should make arrangements for appropriate resources	D1 An annual assessment of whether the level of resource invested to counter fraud and corruption is proportionate for the level of risk.	Y	The IA Planning exercise matches resources to risk.		
	D2 The organisation utilises an appropriate mix of experienced and	Y	IA staff includes 1 experienced fraud qualified member of staff; 1 newly		

The five key principles of the code are to:	Specific steps should include:	RMBC Compliance Y/N/P [partial]	Details of Compliance	Action Required	Action Plan Rec Ref
to support the counter fraud strategy.	skilled staff, including access to counter fraud staff with professional accreditation.		qualified and other very experienced staff. Provision of further external training is being undertaken to aid succession planning.		
	D3 The organisation grants counter fraud staff unhindered access to its employees, information and other resources as required for investigation purposes.	Y	All IA staff has such access, in accordance with, Financial and Procurement Procedure Rules.		
	D4 The organisation has protocols in place to facilitate joint working and data and intelligence sharing to support counter fraud activity.	Y	The Council participates in the National Fraud Initiative and follows agreed protocol. Also a member of the South & West Yorkshire Fraud group.		
E. Take Action. The organisation should put in place the policies and procedures to support the counter fraud and corruption strategy and take action to prevent,	E1 The organisation has put in place a policy framework which supports the implementation of the counter fraud strategy. As a minimum the framework includes: <ul style="list-style-type: none"> • Counter fraud policy • Whistleblowing policy • Anti-money laundering policy 	Y	These documents are available on the Council's Intranet pages.		

The five key principles of the code are to:	Specific steps should include:	RMBC Compliance Y/N/P [partial]	Details of Compliance	Action Required	Action Plan Rec Ref
detect and investigate fraud.	<ul style="list-style-type: none"> • Anti-bribery policy • Anti-corruption policy • Gifts & hospitality policy & register • Pecuniary interest and conflicts of interest policies and register • Codes of conduct and ethics • Information security policy • Cyber security policy 				
	E2 Plans and operations are aligned to the strategy and contribute to the achievement of the organisation's overall goal of maintaining resilience to fraud and corruption.	Y	Anti-Fraud and Corruption Strategy Section 1 and Anti-Fraud Policy Section 1.6 & Section 3.		
	E3 Making effective use of national or sectoral initiatives to detect fraud or prevent fraud, such as data matching or intelligence sharing.	Y	The Council participates in the National Fraud Initiative. Use of TeamMate is considered for each audit.		
	E4 Providing for independent assurance over fraud risk management, strategy and activities.	Y	Annual self-assessment in conjunction with Fighting Fraud & Corruption Locally 2016-19 Checklist.		
	E5 There is a report to the governing body at least annually on performance against the counter fraud strategy and the effectiveness of the strategy from the lead person(s) designated in the strategy.	Y	Progress against the Anti-Fraud and Corruption Plan is reported to Audit Committee, and a comment is included in the AGS.		

The five key principles of the code are to:	Specific steps should include:	RMBC Compliance Y/N/P [partial]	Details of Compliance	Action Required	Action Plan Rec Ref
	Conclusions are featured in the annual governance report.				
Applying the code in practice	<p>Where organisations are making a statement in an annual governance report about their adherence to this code, one of the following statements should be approved according to whether the organisation conforms to the code or needs to take further action. The statement should be approved by the governing body and signed by the person responsible for signing the annual governance report.</p> <p>Statement 1 Having considered all the principles, I am satisfied that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud, or</p> <p>Statement 2 Having considered all the principles, I am satisfied that, subject to the actions identified below, the organisation has adopted a response that is appropriate.</p>	Y	See above.		

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Committee Name and Date of Committee Meeting:

Audit Committee – 26th September 2023

Report Title:

Audit Committee Forward Work Plan

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

No

Strategic Director Approving Submission of the Report:

Judith Badger, Strategic Director of Finance and Customer Services

Report Author(s):

David Webster (Head of Internal Audit).

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

Ward(s) Affected:

Borough-Wide.

Executive Summary:

The report presents to the Audit Committee a forward work plan covering the next year. The plan shows how the agenda items relate to the objectives of the Committee. It is presented for review and amendment as necessary.

Recommendation:

That Audit Committee 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
01709 823282 – david.webster@rotherham.gov.uk

Audit Committee Forward Work Plan

Meeting Date	Key Responsibility	Agenda Item	Author
November 2023		Training	
	Governance Risk and Control	Chief Executive Presentation	Sharon Kemp
	Financial Reporting	Audited Final Statement of Accounts	Rob Mahon
	Governance Risk and Control	Audited Final AGS	Judith Badger
	External Audit	External Audit Findings (ISA 260)	GT / Rob Mahon
	Treasury Management	Mid-Year Report on Treasury Management	Rob Mahon
	Governance Risk and Control	Information Governance Annual Report	Paul Vessey
	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	IA Charter review and update	Louise Ivens
	Internal Audit / Governance Risk and Control	IA Progress Report	Louise Ivens
	Audit Committee Accountability	Audit Committee Forward Work Plan	Louise Ivens

Meeting Date	Key Responsibility	Agenda Item	Author
January 2024	External Audit	Training Value for Money Opinion	Grant Thornton / Rob Mahon
	Financial Reporting	Final Accounts closedown and accounting policies	Rob Mahon
	Governance Risk and Control	External Audit and Inspection recommendations	Simon Dennis
	Governance Risk and Control	Strategic Risk Register	Simon Dennis
	Governance, Risk and Control	Risk Management Directorate Presentation – Finance and Customer Services	Judith Badger
	Internal Audit / Governance Risk and Control	IA Progress Report	Louise Ivens
	Audit Committee Accountability	Audit Committee Forward Work Plan	Louise Ivens

Meeting Date	Key Responsibility	Agenda Item	Author
March 2024	Internal Audit	Training – Internal Audit	
		IA Annual Plan	Louise Ivens
	Internal Audit / Governance Risk and Control	IA Progress Report	Louise Ivens
	Governance Risk and Control	Procurement Update	Karen Middlebrook
	Governance Risk and Control	Risk Management Directorate Presentation – Children and Young People’s Service	Nicola Curley
	Internal Audit	Public Sector Internal Audit Standards	Louise Ivens
	Internal Audit	Internal Audit Quality Assurance and Improvement Plan	Louise Ivens
	Audit Committee Accountability	Audit Committee Forward Work Plan	Louise Ivens

Meeting Date	Key Responsibility	Agenda Item	Author
May 2024		Training – Statement of Accounts	
	External Audit	External Audit Progress Update	Grant Thornton
	Financial Reporting	Draft Statement of Accounts	Rob Mahon
	Governance Risk and Control	Draft Annual Governance Statement	Judith Badger
	Governance Risk and Control	External Audit Plan	Grant Thornton / Rob Mahon
	Internal Audit / Governance Risk and Control	IA Progress Report	Louise Ivens
	Internal Audit / Governance Risk and Control	Internal Audit Annual Report	Louise Ivens
	Governance Risk and Control	Risk Management Directorate Presentation – Adult Care Housing and Public Health	Ian Spicer
	Audit Committee Accountability	Audit Committee Forward Plan	Louise Ivens

Meeting Date	Key Responsibility	Agenda Item	Author
July 2024		Training	
	Treasury Management	Annual Treasury Management	Rob Mahon
	Governance Risk and Control	Dedicated Schools Grant	Neil Hardwick
	Governance Risk and Control	Risk Management Annual Report and Strategic Risk Register	Simon Dennis
	Governance Risk and Control	External Audit and Inspection Recommendations	Simon Dennis
	Governance Risk and Control	Review of Surveillance and use of Regulation of Investigatory Powers	Bal Nahal
	Audit Committee Accountability	Audit Committee Annual Report	Louise Ivens
	Audit Committee Accountability	Audit Committee Forward Work Plan	Louise Ivens

Meeting Date	Key Responsibility	Agenda Item	Author
September 2024	Financial Reporting	Training	
		Final Statement of Accounts	Rob Mahon
	Governance Risk and Control	Final AGS	Judith Badger
	Internal Audit / Governance Risk and Control	IA Progress Report	Louise Ivens
	Internal Audit	IA Charter review and update	Louise Ivens
	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	Louise Ivens
	Audit Committee Accountability	Audit Committee Forward Work Plan	Louise Ivens

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