

AUDIT COMMITTEE

Date and Time:- Tuesday 17 March 2026 at 2.00 p.m.

Venue:- Rotherham Town Hall, The Crofts, Moorgate Street, Rotherham. S60 2TH

Membership:- Councillors Baggaley (Chair), Allen (Vice-Chair), Blackham, Elliott and McKiernan.

Ms. A. Hutchinson and Mr. M. Olugbenga-Babalola, Independent Members

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

Rotherham Council advocates openness and transparency as part of its democratic processes.

Anyone wishing to record (film or audio) the public parts of the meeting should inform the Chair or Governance Advisor of their intentions prior to the meeting.

AGENDA

- 1. Apologies for Absence**
To receive the apologies of any Member who is unable to attend the meeting.
- 2. Declarations of Interest**
To receive declarations of interest from Members in respect of items listed on the agenda.
- 3. Questions from Members of the Public or the Press**
To receive questions relating to items of business on the agenda from members of the public or press who are present at the meeting.
- 4. 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.

Under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for:-

Agenda Item 12 (Children and Young People's Services Directorate Risk Register – Appendix 1) on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972 (information relating to the financial or business affairs of any particular person (including the authority holding that information)).

- 5. Minutes of the previous meeting held on 13th January 2026 (Pages 5 - 14)**
To consider and approve the minutes of the previous meeting held on 13th January, 2026, as a true and correct record of the proceedings and to be signed by the Chair.
- 6. Governance, Audit and Risk**
John Edwards, Chief Executive, to give a presentation on governance, audit and risk.
- 7. External Auditors Progress Report (Pages 15 - 40)**
Liz Luddington and/or Grant Charnley, Grant Thornton (External Auditors), to present the progress report.
- 8. Treasury Management Quarterly Update and Treasury Management Strategy (Pages 41 - 73)**
To consider the quarter 3 review of treasury management activities in accordance with best practice in according with the CIPFA Code of Practice for Treasury Management 2021 .
- 9. Internal Audit Charter, Internal Audit Quality Assurance and Improvement Plan (QAIP) and External Assessment against the Global Internal Audit Standards (UK Public Sector) (Pages 75 - 184)**
To consider the outcome of the recent external assessment in accordance with the Quality Assurance and Improvement Programme (QAIP) and the action plan developed to address the findings from the report. Also the Internal Audit Charter, the Terms of Reference of the Internal Audit Service, was presented for approval which had been reviewed/updated following the external findings.
- 10. Internal Audit Plan 2026-27 (Pages 185 - 201)**
To consider the proposed Internal Audit Plan for 2026-27 which reflected a comprehensive risk assessment process, consultation with Executive Directors and Service Directors to obtain their views of key risks and areas for audit coverage. The plan would remain flexible and be reviewed during the year to ensure it remained relevant.
- 11. Internal Audit Progress Report for the period 1st November to 31st January 2026 (Pages 203 - 227)**
To consider the up-to-date position of the Internal Audit Plan, a summary of Internal Audit work completed during the period 1st November to 31st January 2026, the key issues that have arisen from it as well as the status of actions arising from audits.
- 12. Risk Management Presentation - Children and Young People's Services (Pages 229 - 239)**
Helen Sweatton, Joint Service Director, Commissioning & Performance, and Rob Savage, Departmental Business Manager, Children and Young People's Services, to present the Directorate's risk register.

- 13. Audit Committee Forward Work Plan (Pages 241 - 247)**
To consider the forward work plan for the Audit Committee for the period June 2026-March, 2027.
- 14. Items for Referral for Scrutiny**
To consider the referral of matters for consideration by the Overview and Scrutiny Management Board.
- 15. Urgent Business**
To consider any item which the Chair is of the opinion should be considered as a matter of urgency.
- 16. Dates of Meetings in 2026/27**
Tuesday, 16th June, 2026
28th July
Thursday, 24th September
Tuesday, 24th November
19th January, 2027
23rd March

all commencing at 2.00 p.m.

**The next meeting of the Audit Committee will be held on:-
Tuesday 16 June 2026
commencing at 2.00 p.m.
in Rotherham Town Hall.**



John Edwards,
Chief Executive.

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AUDIT COMMITTEE
13th January, 2026

Present:- Councillor Baggaley (in the Chair); Councillors Allen, Blackham, Elliott and McKiernan and Michael Olugbenga-Babalola and Alison Hutchinson (Independent Persons).

Greg Charnley, Grant Thornton (External Auditors) was also in attendance.

58. DECLARATIONS OF INTEREST

There were no Declarations of Interest made at the meeting.

59. QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS

There were no members of the press and public in attendance at the meeting nor had any questions been received in advance of the meeting.

60. EXCLUSION OF THE PRESS AND PUBLIC

Resolved:- That, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for Minute Nos. 67 (Corporate Strategic Risk Register Update), 68 (Risk Management Directorate Presentation - Finance and Customer Services), 69 (Risk Management Presentation - Assistant Chief Executive's Directorate) and 70 (Progress report on Riverside House Building Security and ID Badge Controls) as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (information relating to the financial or business affairs of any particular person (including the authority holding that information)).

61. MINUTES OF THE PREVIOUS MEETING HELD ON 25TH NOVEMBER, 2025

Consideration was given to the minutes of the previous meeting of the Audit Committee held on 25th November, 2025.

Resolved:-

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

Arising from Minute No. 54 (Environment and Regeneration Directorate Risk Register), it had been confirmed that the following risk had been added in December 2025 and approved at the Directorate Leadership Team risk review meeting on 18th December, 2025:-

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Risk RE66/CSS55:-

- Business Objective - Delivery of the waste transformation project, including optimisation of routes and rounds
- Risk Detail:- Risk of failure following the delivery of new terms and conditions, route optimisation, and cultural change
- Consequence/Effect - Risk of claims in relation to employment practices as well as a fundamental risk to the Council's ability to run the Service will lead to loss of confidence to the public and financial implications for the Council

62. EXTERNAL AUDITOR - UPDATE

The Chair invited Greg Charnley, Audit Senior Manager, Grant Thornton, to provide an update on the current position with regard to the External Audit.

There was nothing to report to the Audit Committee at the present time.

63. CLOSURE OF THE ACCOUNTS 2025/26

Consideration was given to a report and appendices presented by the Head of Corporate Finance on the closure of the accounts 2025/26.

The Accounts and Audit (Amendment) Regulation 2024 extended the deadline for the publication of final audited accounts to 31st January 2027 for the 2025/26 accounts and then 30th November 2027 for 2026/27 and 30th November 2028 for 2027/28 accounts. The draft accounts were required to be published by 30th June 2026 for 2025/26 accounts. The Regulations had been introduced to address the national backlog of local authority audits.

In line with best practice, the Council's financial reporting timetable remained in line with the 2024/25 timetable which included publishing draft accounts by the end of May 2026 (presented to Audit Committee in June 2026) with the fully audited accounts to be published in November 2026 following approval at the November Audit Committee. However, this depended upon the available capacity of the Council's auditors.

The key accounting issues and main changes to the accounts in 2025/26 were set out in Appendix A to the report.

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

Discussion ensued with the following issues raised/clarified:-

- The general audit plan was due to be completed by April/May 2026 which would contribute to setting the materiality level for the accounts.
- Infrastructure Assets and the move by the previous Government to bring in full accounting for highways infrastructure assets was considered from the perspective of whether work had been done to ensure a clean position for the relevant period. At the time of reporting, Officers were working on the detail of the spend and intending to build upon this to include as much detail as possible.

Resolved:-

- (1) That the timetable for the production of the Council's financial statements be noted.
- (2) That the key accounting issues and main changes to the accounts in 2025/26, as listed in Appendix A submitted, be noted.
- (3) That the Council's revised Account Policies, attached at Appendix B submitted, be noted.

64. EXTERNAL INSPECTIONS, REVIEWS AND AUDITS UPDATE

Consideration was given to a report presented by Fiona Boden, Head of Policy, Performance and Intelligence, which provided 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.

Since the last report to Committee in July 2025, 6 new external inspections, reviews and audits had taken place. In total 7 recommendations or areas for improvement had been completed since the last report, 29 recommendations or areas for improvement which remained ongoing, and one was yet to start. Of those ongoing, 6 were delayed, with one delayed by more than 12 months. The reasons for the delays were summarised within Appendix 1 of the report submitted.

Discussion ensued with the following issues raised/clarified:-

- The significant delay in relation to the Ofsted Focussed Visit – Officers advised that further information would be provided to the Chair, in writing, with the timescales for expected completion following consultation with CYPS
- Whether the Prevention of Future Deaths Report as recently presented to the Improving Lives Select Commission and the Coroners findings should be considered by the Audit Committee from a risk management perspective. It was clarified that the Council's response was a matter of public record, there were no additional steps that the

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Council needed to take arising from that. Whilst it was acknowledged that the report taken to scrutiny included an action plan, these were broader improvement objectives. Officers agreed to consider, in conjunction with the Service and the Audit Committee Chair, how this Committee could be provided with appropriate reassurances in relation to this matter

Resolved:-

(1) That the recent external inspections, reviews and audits which have taken place and the progress made in implementing the recommendations since the last report in July 2025 be noted.

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

(3) That the Audit Committee continue to receive regular reports in respect of external inspections, reviews and audits and the progress made.

(4) That the Audit Committee Chair receive written information relating to the significant delay in relation to the Ofsted Focussed Visit and expected timescales for completion following consultation with CYPS.

(5) That clarity regarding the Prevention of Future Deaths report and Coroner's Report follow-up action and how relevant reassurances could be provided to the Audit Committee would be considered by relevant Officers in conjunction with the Service and the Audit Committee Chair.

65. SECTION 17 PAYMENTS AND REDUCTION IN CASH PAYMENTS PROJECT

Stuart Williams, Assistant Director Children's Social Care, presented a report on the actions taken and progress made relating to the implementation of the recommendations from the partial assurance Internal Audit report on Section 17 Payments and Reduction in Cash Payments Project.

Section 17 (S17) of the Children Act 1989 defined the duties of a local authority in safeguarding and promoting the general welfare of a child in need. Financial assistance in terms of goods or services, or in exceptional circumstances cash, could be provided to a child, parent or carer to address the identified needs to safeguard and promote a child's welfare where there was no legitimate source of financial assistance or prevent a child entering local authority care.

The Audit gave a 'Partial Assurance' and provided 6 recommendations for implementation 4 of which had been completed with the outstanding 2 scheduled for completion by the end of January, 2026.

Discussion ensued with the following issues raised/clarified:-

- The process for making payments either by bank transfer or in cash, the checks and balances in place at various financial thresholds, the most frequent/likely reasons for such payments being required and the arrangements in place to ensure that sufficient funds were maintained for cash transactions in a secure manner.
- The draft status of the associated policy dated 2019, the steps in place within Service specifically and throughout the Council more broadly to ensure that policies were managed effectively, including reviews and renewal in a timely manner. It was clarified that this was managed via the Council Policy Register.

Resolved:-

That the report be noted.

66. AUDIT COMMITTEE FORWARD WORK PLAN

Consideration was given to the proposed forward work plan for the Audit Committee for March 2026 to January 2027. The plan showed how the agenda items related to the objectives of the Committee. It was presented for review and amendment as necessary.

Resolved:-

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

67. CORPORATE STRATEGIC RISK REGISTER UPDATE

Consideration was given to the report presented by Fiona Boden, Head of Policy, Performance and Intelligence, which detailed the Corporate Strategic Risk Register update.

The report summarised the principal risk management activity that had been carried out within the Council since the last report to the Committee in July (Minute No. 35 refers). It also summarised the key movements in Strategic Risks that have occurred over the period and updated the Committee on the current risks on the Corporate Strategic Risk Register (CSRR).

As set out in the Risk Management Policy and Guide, individual Service Management Teams and Directorate Leadership Teams had reviewed their risk registers in line with the Risk Management Policy and Strategy. Typically, teams reviewed their registers every 4 to 12 weeks dependent upon the individual meeting cycle and the significance of the risks they were managing.

The Corporate Strategic Risk Register had been formally reviewed by the Strategic Leadership Team and a regular cycle of quarterly reviews had been in place throughout the financial year. The Corporate Improvement and Risk Manager, through the Risk Champions, ensured updates were obtained from all risk owners, reviewed each update and drew attention to issues or missing risk register updates.

The current “heat map” for the strategic risks included in the update of the register were set out in the report submitted. Movements in the heat map were compared to the risks reported in July 2025 which showed one risk had been removed and 3 risks added. There had been minimal movement in the register with only 2 risks (SLT36 and SLT07) increasing in risk score.

In general terms, strategic risks changed more slowly over time than operational risks. Since July 2023, 33% of risks monitored at a strategic level had reduced in assessed level, 33% had remained stable and 33% had either increased or were new to the register. This showed that the Council’s overall risk position was broadly stable.

Appendix 1 of the report submitted showed the full CSRR as at 8th December 2025, the current mitigations in place and makes clear what mitigations were still to be delivered. The document also set out the current target level of risk for each risk. The final column was an expression of the Council’s risk appetite for that risk.

In total there remained 16 risks on the register.

Discussion ensued with the following issues raised/clarified:-

- The range of projects commissioned intended to enhance and improve community cohesion. The Committee was advised that a breakdown of the funding allocated to those projects was available and could be shared with the Committee if required
- Whether there was likely to be any improvement in the position in relation to SLT36, carbon emissions. Whilst significant movement was not anticipated, the Council remained committed to work as effectively as possible to make progress in line with the resource available. The reasons for the change in the risk score were explored, which included unforeseen changes which impacted upon the predications on which projections were based along other factors outside the Council’s control
- The increase in Health and Safety related risks and how these were arrived at. The departure of the Assistant Chief Executive resulted in the realignment of some risks under the control of the Strategic Director of Finance and Customer Services. Some transferred risks represented new areas which were not fully understood, and the Health and Safety Team in particular transferred with vacancies which

affected the Council's ability to deliver an effective and efficient service. That team had since become fully staffed and the expectation was that risks in this area would continue to reduce, but it was felt that it had been appropriate to record and monitor these risks effectively from the point of realignment

- The impact of equal pay legislation and the Council's approach to monitoring and managing associated risk. It was not possible to offer clarity in relation to potential contingent liability due to the current position and, therefore, remained important to monitor that particular risk. Steps taken to minimise the Council's exposure going forward was also considered

Resolved:-

That the updates on the Corporate Strategic Risk Register be received and the contents noted.

(Appendix 1 was considered in the absence of the press and public in accordance with Paragraphs 3 of the Act (Information relating to the financial or business affairs of any particular person (including the authority holding that information))

68. RISK MANAGEMENT DIRECTORATE PRESENTATION - FINANCE AND CUSTOMER SERVICES

Consideration was given to the report presented by the Strategic Director for Finance and Customer Services, which detailed the Risk Register and risk management activity within the Finance and Customer Services Directorate.

The report set out in detail the risk items which had been added or amended since the last report to Audit Committee in January 2025 and it was noted that risks were discussed and reviewed at the Directorate Leadership Team (DLT) and, where necessary, escalated to the next strategic level for inclusion on the risk register.

4 risk items had been removed since the last report and 3 of the 17 risks on the register were currently assessed as being a high risk.

The Risk Register entries were closely linked to the Service Plans, Team Plans, Reports and Service meeting agendas across the Directorate and progress against key actions to mitigate the above risks was monitored through management team meetings.

Discussion ensued with the following issues raised/clarified:-

- The failure of the service provider to deliver on action to address issues in relation to burial space across the Borough, the processes in place for monitoring progress in relation to that including mitigation and escalation where necessary. It was confirmed that all contractual mechanisms available to the Council were employed to support the effective management of the risk on a site by site basis
- FCS21 – operational building decarbonisation and the steps taken to achieve progress, including considerations around SYMCA funding the potential for third party investment. It was clarified that solar energy creation proposals centred around utilisation of the existing buildings and housing stock
- FCS23 – building security and confidence in relation to how the recent audit reflected the level of risk across the entire estate, which was described as partial assurance with reasonable confidence

Resolved:-

That the progress and current position in relation to risk management activity in the Finance and Customer Services Directorate, as detailed in the report now submitted, be noted.

(Appendix 1 was considered in the absence of the press and public in accordance with Paragraph 3 of the Act (Information relating to the financial or business affairs of any particular person (including the authority holding that information/financial information))

69. RISK MANAGEMENT PRESENTATION - ASSISTANT CHIEF EXECUTIVE'S DIRECTORATE

In accordance with Minute No. 41(2) of September, 2025, consideration was given to the report presented by the Strategic Director of Finance and Customer Services which provided details of the current position of the Assistant Chief Executive's Directorate Risk Register and risk management activity within the Directorate.

The current Assistant Chief Executive's Directorate risk register had 28 risk items listed 7 of which also featured on the Council's strategic risk register. One of the risks was currently assessed as being a high risk.

All risks had been reviewed and amended as part of the review undertaken since September 2025.

The Risk Register entries were closely linked to the Service Plans, Team Plans, Reports and Service meeting agendas across the Directorate and progress against key actions to mitigate the above risks was monitored through management team meetings.

Discussion ensued with the following issues raised/clarified:-

- Effective management of transitioning risk to the interim in the short term and permanent in the long term to the Director of Policy, Strategy and Engagement, with the expectation that the changes implemented to the structure of the Directorates achieving clearer alignment and accountability from a risk perspective
- Effective management of Members' active involvement in Council business and the particular importance of this in relation to the development and delivery of the Thriving Neighbourhoods Strategy
- The increased cumulative risk burden of the Directorate, the reasons for this and the Council's ability to effectively manage that risk

Resolved:-

That the progress and current position in relation to risk management activity in the Assistant Chief Executive's Directorate, as detailed in the report submitted, be noted.

(Exempt under Paragraph 3 (information relating to the financial or business affairs of any particular person (including the Council) of Part 1 of Schedule 12A))

70. PROGRESS REPORT ON RIVERSIDE HOUSE BUILDING SECURITY AND ID BADGE CONTROLS

Consideration was given to a report presented by Kevin Fisher, Assistant Director of Property and Facilities Services, in relation to the actions taken with regard to the partial assurance issued by the Internal Audit report on Riverside House Building Security and ID Badge controls.

The audit had revealed several areas requiring improvement. The recommended proposal was to implement the comprehensive action plan agreed with Internal Audit in response to the findings which addressed the key weaknesses identified and aimed to strengthen both the procedural and physical security controls at Riverside House.

Discussion ensued with the following issues raised/clarified:-

- Responsibility and accountability for security historically going forward. It was acknowledged that there had been confusion around this in the past, with clear lines of responsibility and accountability determined going forward for areas including CCTV and physical estates security
- The effective management of risk with significant IT implications and the processes in place to ensure that appropriate technical expertise is obtained when making decisions affecting risk management

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- Plans to improve physical security through effective ID and access management and to enhance and improve staff training in relation to security
- The scope of the recent audit and the extent to which that reflected the circumstances and provided assurances across the whole of the Council's estate. Audit Committee Members were advised that in addition to the findings from the audit, there were clear existing processes for identifying and escalating issues across the estate and other less formal mechanisms via which building managers could share information and experiences

Resolved:-

That the report be noted.

(The report was considered in the absence of the press and public in accordance with Paragraph 3 of the Act (Information relating to the financial or business affairs of any particular person (including the authority holding that information/financial information))

71. ITEMS FOR REFERRAL FOR SCRUTINY

There were no issues for referral to Scrutiny.

72. URGENT BUSINESS

There was no urgent business to discuss.

Rotherham Metropolitan Borough Council

Audit progress report and sector updates

March 2026

Agenda

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Audit Progress Report

Introduction



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This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a summary of emerging national issues and developments that may be relevant to you.

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications: [Local government | Grant Thornton](#)

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either Liz or Greg.

We continue to bring specialists to our update conversations where appropriate to share any learning from our position as a leading audit supplier to the local government sector.

You will also have access to our annual Chief Accountant Workshops and any other networking opportunities we create for the various stakeholders.

Progress as at March 2026

Financial Statements Audit

As you are aware, we signed our audit opinion on your financial statements for the year ended 31 March 2025 on 9 December 2025. Since we issued our 2024-25 audit opinion, we have continued to have discussions with senior management, discussing issues identified in previous audits, and emerging themes which are expected to impact on our 2025-26 audit.

We commenced our planning work for the 2025/26 audit in February and will continue throughout March and April. We intend to issue our Audit Plan to management in draft by the end of April and this shall then be presented to Audit Committee at its meeting on 16 June 2026.

Our planning work includes:

- Updating our review of the Authority's control environment
- Updating our understanding of financial systems
- Reviewing Internal Audit reports and noting the impact of key findings
- Understanding how the Authority makes material estimates for the financial statements

We are also working to complete some interim audit testing this year during March and April with the aim of bringing forward our audit work where possible. We have discussed this with management to determine the scope of work that is feasible for both sides to complete before the end of April. As a minimum, we expect this to be operating and payroll expenditure for months 1 to 10.

Our audit fieldwork is scheduled to commence in late June and we shall report our work in the Audit Findings (ISA260) Report due to be presented to Audit Committee at its November meeting. We aim to give our opinion on the Statement of Accounts by early December 2026, ahead of the local authority accounts backstop set at 31 January 2027.

Value for Money

Our value for money risk assessment for the year ended 31 March 2026 has now commenced. Our initial risk assessment for the year ended 31 March 2026 will build on our understanding of your arrangements, taking into account any findings from previous work on value for money.

In 2025, we reported two significant weaknesses in arrangements:

- Improving economy, efficiency and effectiveness – improving compliance of HRA stock in respect of fire safety, asbestos, lifts and water safety and fully satisfying the requirements of the Decent Homes Standard.
- Improving economy, efficiency and effectiveness – improving building compliance and asset data in relation to the Council's corporate buildings.

At the present time, no additional significant weaknesses have been identified. We shall confirm this position in our Audit Plan to then be presented to Audit Committee at its meeting on 16 June 2026.

At the time of sharing our draft report with management, we shall present our view on the progress the Council has made in addressing the significant weaknesses we identified in 2024-25 and share our draft commentary on arrangements in place during the 2025-26 financial year.

We will keep our risk assessment under continuous review. Where appropriate, we will update our risk assessment to reflect emerging risks or findings and report this to you. Our final commentary in the Auditor's Annual Report will include:

- a summary of our findings on any risks identified during our work
- our commentary on the Authority's arrangements for each of the three reporting criteria: financial sustainability, governance and improving economy, efficiency and effectiveness.
- any recommendations made to management as a result of our work
- a follow up of progress against any recommendations raised in previous value for money work.

Progress at March 2026 (continued)

Meetings

We continue to meet regularly with your Chief Executive and Strategic Director Finance and Customer Services as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Audit Fees

PSAA published their scale fees for 2025/26: [Auditor-Directory-for-Website-2025-2026-as-at-11-02-2026.xlsx](#).

For Rotherham Metropolitan Borough Council the PSAA-set fee totals £429,398 for the Council audit. These fees are derived from the procurement exercise carried out by PSAA in 2022. They reflect both the increased work auditors must now undertake as well as the scarcity of audit firms willing to do this work.

Events

We also recently held two Local Government Accounts webinars for preparers of accounts on 5th and 11th February 2026, where we discussed a range of topics for preparing the 2025/26 statements of account.

Audit Deliverables

Below are some of the audit deliverables planned for 2025/26

2025/26 Deliverables	Planned Date*	Status
Audit Plan We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2025/26 financial statements.	June 2026	In progress - Not yet due
Audit Findings Report The Audit Findings Report will be reported to the Audit Committee.	November 2026	In progress - Not yet due
Auditor's Report This includes the opinion on your financial statements.	November 2026	In progress - Not yet due
Auditor's Annual Report This report communicates the key outputs of the audit, including our commentary on the Council's value for money arrangements.	November 2026	In progress - Not yet due

Sector Updates

Public Sector Finance Leaders' Barometer

Audit Committees can obtain new analysis of the issues public sector finance leaders most prioritise, and how it might affect their organisation, here:

[The Public Sector Finance Leaders Barometer | Grant Thornton](#)

Background:

Grant Thornton's 2026 Public Sector Finance Leader's Barometer draws on the views of 100 s151 officers across local government in England to identify the top three strategic priorities, operational pressures and in-demand skills for public sector finance this year.

84% of those interviewed were confident that their medium-term financial strategies will hold, but there was consensus that the biggest risks those strategies face are largely outside the s151 officer's control: Growth in demand for statutory services; unfunded policy changes; and failure to deliver change programmes.

These risks highlight the need for better demand modelling, earlier horizon scanning, and disciplined delivery of change programmes. However, workforce shortages, recruitment challenges, and increasing complexity, mean there's simply not enough capacity to deliver transformation at the required pace.



Interviews with 100 s151 officers identified for 2026:

The top three strategic priorities are:

- ❖ Digital transformation
- ❖ Talent attraction and retention
- ❖ Regulatory compliance

The top three top operational pressures are:

- ❖ Rising operating costs
- ❖ Complexity of regulation
- ❖ Workforce and skills shortages

The top three most in-demand skills are:

- ❖ Technical accounting
- ❖ Data analytics and business intelligence
- ❖ Change management

CIPFA Code changes to the accounting for non-investment assets

Changes introduced in the 2025/26 Code:

The 2025/26 CIPFA Code introduces substantial changes arising from the HM Treasury Thematic Review on Non-investment assets, and the requirement to keep the valuations of certain assets up to date:

- ❖ The introduction of a valuation expedient requiring valuations once every five years or on a five-year rolling basis, in each case supported by indexation in intervening years; and
- ❖ The Code requires the use of the best available indices and, where no index is available, a desktop valuation is undertaken in year three.

The following asset classes are affected by the change:

- ❖ Other land and buildings;
- ❖ Vehicles, plant, furniture and equipment (where carried at current value);
- ❖ Surplus assets; and
- ❖ Right of use assets measured at current value

Assets which are not in scope of the changes include council dwellings; vehicles; plant and equipment carried at depreciated historical cost as a proxy for current value; infrastructure; assets under construction; heritage assets; assets held for sale; intangible assets; and community assets carried at cost.

Why Indexation is important:

Indexation is a new requirement in the Code, intended to provide a reasonable estimate of how market values have changed, rather than an exact valuation. A range of indices are available, and authorities will need to exercise and be prepared to explain their judgements on which indices are the most appropriate to apply across their asset base. Authorities may apply indexation to 31st March 2025 carrying values, providing the assumption that existing carrying values are true and fair is valid. Where valuations are required, they must be undertaken at least once every five-years or when there are indicators of impairment.

Audit Committees can help by asking:

- ❖ Have we sought advice from an expert valuer on which indices are most appropriate for our various assets within scope of indexation?
- ❖ Have we documented our rationale regarding why we select/reject or deem there to be no indices?
- ❖ How has indexation been calculated/ applied in underlying records/ asset systems?
- ❖ Have we ensured that asset records distinguish between revaluation versus indexation, so that we have a clear record of when valuations are due and when valuations were last carried out?

Audit Readiness Training

Supporting high-quality 2025/26 accounts



As the local audit system moves from backlog recovery towards a renewed focus on timely, high-quality assurance, authorities are operating within a changing standards environment.

New statutory backstop deadlines and the introduction of Global Internal Audit Standards from April 2025 are increasing expectations around audit capability, consistency and documentation – at a time when workforce and skills pressures across local government finance and audit functions remain a recognised risk to audit quality.

In response, we've developed CPD-accredited online training to support audit teams in applying evolving standards in practice – strengthening technical confidence, improving audit documentation, and supporting more predictable and transparent audit delivery for Audit Committees.

What's included?

The Audit Readiness training is delivered through a 90-minute online training session built around seven learning modules;

- Foundations of Audit
- Planning for Audit Success
- Data and Documentation Management
- Complex areas of the audit
- Internal Controls & Risk Management
- Communication & Collaboration
- Hot Topics

Each module includes a knowledge test assessment, key takeaways and where applicable downloadable resources to support ongoing learning.

Key Benefits

Build lasting capability

Equip teams with the skills and confidence to manage audits effectively, now and in the future.

Share knowledge, not just answers

Designed to transfer expertise so teams understand the 'why' behind best practice.

Upskill your people

Helps every team member grow their technical understanding and strengthen collaboration.

Flexible learning that fits any schedule

Access training when it works for users, making it easy to build into existing workloads.

Improve outcomes and efficiency

Reduce audit queries, avoid delays, and strengthen relationships through proactive preparation.

Finance Settlement 2026/27 to 2028/29

Key information for Audit Committees to be aware of:

The Government published the final Local Government finance settlement for 2026/27 to 2028/29, valued at some £78 billion, on 9th February 2026. We note that:

- ❖ This was the first multi year settlement for a decade, helping to create certainty for financial planning.
- ❖ Councils will have up to 90% of their historic SEND-related deficit balances as at 31st March 2026 covered by a new grant.
- ❖ Some Councils impacted by historic funding cuts will receive targeted investment through a £440 million Recovery Grant uplift, aimed at increasing spend on street cleaning, pot-hole repair and services.
- ❖ There is an extra £272 million homelessness funding to invest in Homelessness, Rough Sleeping and Domestic Abuse Grant; an additional £50 million to help Councils implement the Renter’s Rights Act; and an additional £39.6 billion for mayoral capacity.
- ❖ Seven councils have been granted permission for flexibility to raise council tax over the referendum limit.

[Key information table for local authorities: final local government finance settlement 2026 to 2027 - GOV.UK.](#)

There are important aspects to be aware of:

- ❖ Although all local councils with a SEND deficit will be eligible to receive the new grant funding, they will need to secure approval of a SEND local reform plan first.
- ❖ Residual SEND deficits accrued by 31st March 2026 will only be covered by statutory override until 31 March 2028. Similarly, any new deficits incurred in 2026/27 and 2027/28 are only covered by statutory override until that date.
- ❖ The new Indices of Multiple Deprivation, have brought changes in the distribution of funds between areas – some areas will gain, but others will lose.
- ❖ The government has still had to approve [Exceptional Financial Support](#) for 35 local authorities.

Audit Committees can help by asking: What does the finance settlement mean for their Council? How are we mitigating any losses? How are we planning for best value from gains?



SEND reform plans

Key information for Audit Committees to be aware of:

- ❖ Local SEND Reform plans are going to require Department for Education approval before Councils can apply for up to 90% of SEND deficits to be covered by the new High Needs Stability Grant.
- ❖ To help local authorities develop their SEND reform plans, the government has promised to share “best practice” from the safety valve and delivering better value schemes and provide each area with “advisers to help ensure spending is effective, efficient and focused on improving outcomes for children and young people.”
- ❖ From 1st April 2028, future deficits will be met by the Department for Education.
- ❖ On 23rd February 2026, the policy paper “Every child achieving and thriving” made it clear that the focus will be on providing SEND support within mainstream settings going forward.
- ❖ The government described this as the first phase of the “transition to a reformed Send system”. System wide reform is widely recognized as essential and will be easier to leverage at central government level.

- ❖ Government data indicates that Local authorities stand to benefit by £5 billion if the full 90% of grant funding offered for 2026/27 is accessed. In addition, some £4 billion of funding for new school places (and family hubs) has been announced.

Progressing your plan:

The Schools Week reports that ten days before Christmas, the Department for Education (DfE) and the NHS England had already written to Councils and health officials asking them to start work on a “local SEND reform plan” without waiting for any additional details about future funding. The plans were expected to reflect five core principles of future SEND provision needing to be early, local, fair, effective and shared.

Audit Committees can help by asking:

- ❖ How far progressed is the planning we were asked to start before Christmas?
- ❖ Do we have any best practice examples of our own from safety valve or delivering better value experience?
- ❖ Have we agreed a timetable for planning, and are we on track?
- ❖ What plans are we making to close the remaining 10% of historic deficit that we will still be accountable for after the High Needs Stability Grant covers the rest?

Local Outcomes Framework

Audit Committees should seek to understand how their organisation is implementing reporting against new local government Outcomes:

The Government published a new Local Outcomes Framework on 9th February 2026, setting out 16 national priority outcomes that central government and local government will work together in partnership to deliver:

[Local Outcomes Framework: Priority outcomes and metrics - GOV.UK](#)

Using the Outcomes Framework will be a radical shift in the way that the performance of local government is assessed. We will see a shift from process-heavy form filling by Councils for central government, to a clearer focus on what Councils are actually achieving at local level.

Prominent sector commentators such as [Solace](#) and the [Local Government Association](#) have reacted very positively.

The Outcomes in turn are supported by metrics that will be populated from robust, well known national data sources such as the Office for National Statistics; Government Departments for areas such as Health and Social Care, Education, Transport, and Work and Pensions; the Ministry of Justice; and Sport England.

New local government Outcomes:

- ❖ Housing Supply
- ❖ Housing quality and safety
- ❖ Homelessness and rough sleeping
- ❖ Multiple disadvantage
- ❖ Best start in life
- ❖ Every child achieving and thriving
- ❖ Keeping children safe (children's social care)
- ❖ Health and wellbeing
- ❖ Adult social care – quality
- ❖ Adult social care – independence, choice and control
- ❖ Adult social care - neighbourhood health / integration
- ❖ Neighbourhoods
- ❖ Environment, circular economy and climate change
- ❖ Transport and local infrastructure
- ❖ Economic prosperity and regeneration – contextual outcome
- ❖ Child poverty

Audit Committees can help by asking how existing key performance indicator metrics will align with the new national metrics.

Local Government Reorganisation and Devolution Update

Latest Developments:

- ❖ **11th January 2026:** Consultation closed for four Devolution Priority Programme areas undergoing unitarisation. Decisions are expected in March 2026.
- ❖ **20th January 2026:** The English Devolution and Community Empowerment Bill moved to Committee stage.
- ❖ **5th February 2026:** New consultations were launched on local government reorganisation proposals for another 14 different areas across England. The consultations will run for seven weeks until Thursday 26th March 2026 and can be found here: [Local government reorganisation: Policy and programme updates - GOV.UK](#).
- ❖ **12th February 2026:** All areas in England without devolution can propose foundation strategic authority boundaries by 20th March 2026. [Written statements - Written questions, answers and statements - UK Parliament](#)
- ❖ **12th February 2026:** Proposals for nine new foundation strategic authorities were announced at the same time as announcing new spatial development strategies [Areas for producing spatial development strategies - GOV.UK](#)
- ❖ **16th February 2026:** The Government confirmed that the local elections due in England on 7th May 2026 will go ahead for 30 councils where delays had previously been announced.

The [Institute for Government \(IFG\)](#) suggested in December 2025 that the government may have fundamentally misunderstood the scale of the local government reorganisation task it set itself.

For those trying to deliver the task, two sets of material from Grant Thornton may be useful:

- ❖ **March 2025 - [Navigating the future: The dual challenge of local Government reorganisation and devolution | Grant Thornton](#)**
- ❖ **March 2025 - [Dual delivery - How can areas successfully reorganise local government and implement devolution at the same time?](#)**



Transport connectivity

Audit Committees in all local authorities can help their residents by asking:

- ❖ Is our Transport Strategy or Plan up to date?
- ❖ How well integrated is it with other Strategies and Plans?
- ❖ What assurance do we have over effective working with partners to deliver the transport plans?

Background:

On 30th January 2026, the Institute for Government's latest [devo-lab-policy-briefing](#) highlighted that transport connectivity in much of England lags significantly behind Europe, and is innately unequal across our country:

..... approximately 39% of people can get into the centre of the city on public transport within 30 minutes, compared to 67% of people in comparably sized European cities.

Public transport connectivity in London is significantly higher than in any other region in England

The devo lab went on to explore three case studies from West Yorkshire, the Liverpool City Region, and Greater Manchester, to identify how mayoral strategic authorities are helping to improve transport connectivity in their areas.

The briefing identified drivers of success as:

- ❖ **Visible leadership** from mayors to help secure investment (Andy Burnham made the Bee Network a clear personal priority, for example);
- ❖ **Embedding transport plans within wider plans** for regeneration, infrastructure, growth, decarbonisation and spatial development;
- ❖ **Having the confidence** to recognise the benefits of bold decisions such as bus franchising to improve reliability; and
- ❖ **Using place-based business cases** instead of traditional cost benefit analysis to build a wider case for the social and health benefits of investment, which is consistent with a new wider government approach to place-based decision-making: [Green Book review: The six areas set to change | Grant Thornton](#).

For a full copy of the dev-lab findings, see [Learning from the DevoLab #3: How devolution can improve transport connectivity | Institute for Government](#).

Maintaining local roads

For information:

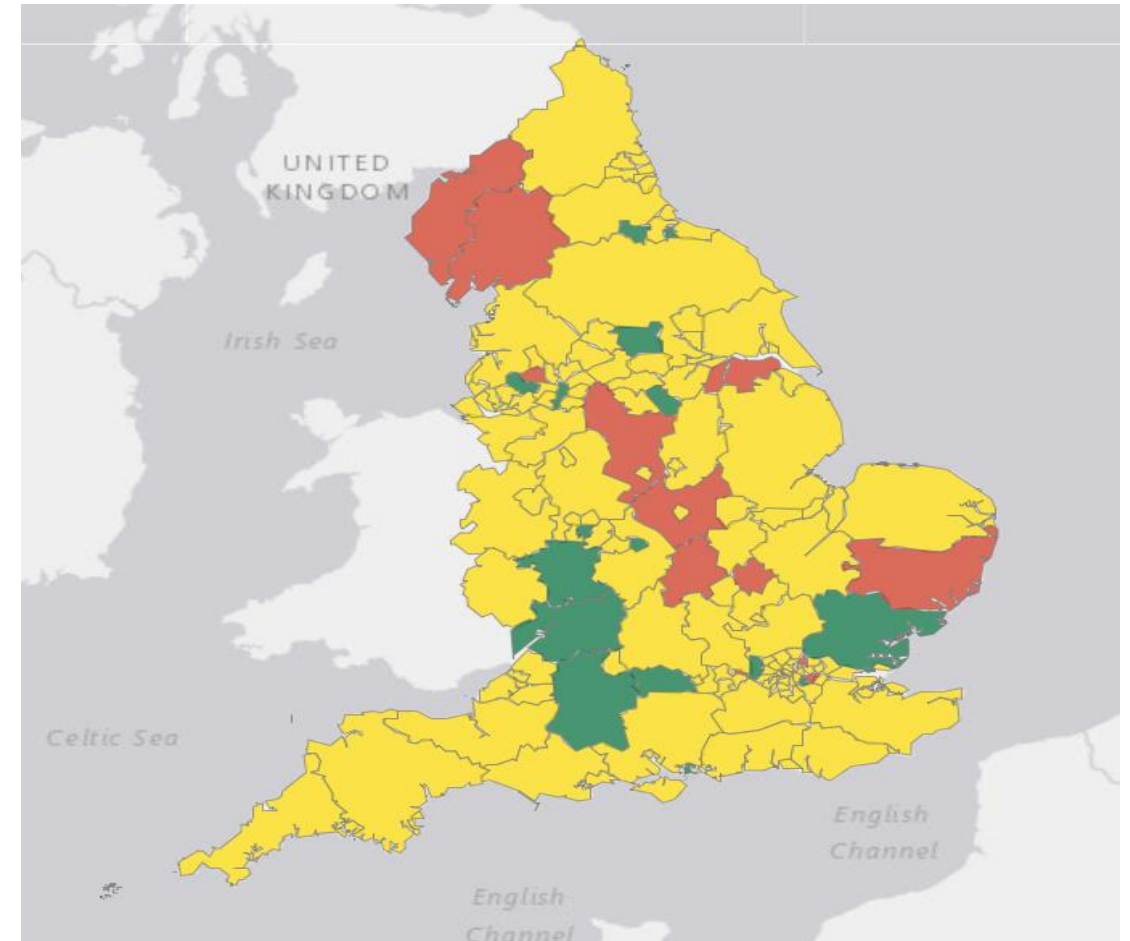
On 11th January 2026, the Department for Transport published a new interactive map with Red, Amber and Green ratings showing how effectively different local (highways) authorities are fixing potholes.

The map is publicly available and for the first time, people across England can now see how well their local Council is tackling potholes; resurfacing roads; investing in long term preventative measures; and, as [GOV.UK](#) says, “*restoring pride to their local area*”.

The new ratings - the first of their kind - grade 154 local highway and can be found here: [Road Maintenance Ratings: Local Authority Map](#).

The [RAC](#) estimated in January 2026 that UK drivers spent an average of £320 in between 2023 and 2024 on repairing pothole damage. From a survey of 1,855 members the RAC found that 5% spent more than £1,000 on repairs to damaged tyres, suspension, and steering, due to poor road conditions.

With comparative data now available to the public, there is a very strong incentive for Councils to be proactive about spending the new money announced in the Finance Settlement as effectively as they can.



Unlocking land for housing

Key information for Audit Committees:

On 11th February 2026, the National Audit Office published a report that drew on interviews with 15 different local authorities about their experiences of working with the Ministry for Housing, Communities and Local Government (MHCLG) and Homes England to unlock land for housing delivery. Experiences to date show that:

- ❖ Unlocking land takes a long time. Since 2016/17, MHCLG has allocated £10.5 billion of funding to unlock land for housing. MHCLG expects that the money will have been spent by March 2034.
- ❖ It is uncertain how directly successful MHCLG interventions to unlock land so far have been. Previous funding provided capacity for building 713,000 new homes across England, but there is no direct record of how many were new builds are directly attributable to that funding.

With a new £21 billion scheme launching on 1 April 2026, the NAO recommends that MHCLG works with local authority (and other) partners to:

- ❖ Agree an approach to performance measurement with delivery partners;
- ❖ Generate timely data on both progress of unlocking land and subsequent delivery of new homes on new projects and active legacy projects; and
- ❖ Put in place evaluation and monitoring arrangements that provide continuous timely evidence.

Audit Committees can help their organisation unlock land by asking officers how they are accessing new funds; and how they will be measuring impacts of using the new funds.

As new funds become available, Audit Committees also have a role to play in asking how oversight will continue to be maintained over legacy schemes.

Key facts to be aware of:

1.5 million - Number of homes to be built by the end of this parliament.

£16 billion – committed to the new National Housing Bank from 1 April 2026 for investment capital (£10.5 billion) and housing guarantees (£5.5 billion).

£5 billion – Grant Funding through the new housing delivery fund from 1 April 2026.

Findings from the National Audit Office: [Unlocking land for housing - NAO report](#)

The Crisis and Resilience Fund

Key information for Audit Committees:

- ❖ A new Crisis and Resilience Fund (CRF) will be introduced from 1st April 2026, replacing the Household Support Fund and providing a £1 billion annual government fund in England, until March 2029, to help low-income families if they suffer financial shock.
- ❖ Culturally, there will be a big difference between the new CRF and its predecessor, the Housing Support Fund (HSF). The CRF emphasises lasting support and resilience (into the long-term), while the HSF focused on immediate crisis response.
- ❖ The new CRF will have three main aims: Effective crisis support; improving the citizen's own financial resilience (ability to withstand financial shock); and bolstering local support networks in communities.

Updated guidance was provided by the Government on 21st January 2026 [Crisis and Resilience Fund: Guidance for local authorities in England \(1 April 2026 to 31 March 2029\) - GOV.UK.](#)



Audit Committees should ask how well prepared their organisation is for the new approach.

Successful legacy planning for major events



Sector trend for Audit Committees to be aware of:

Just as UK and Ireland Ltd starts to ramp up work for the Euros 2028 to be based at nine different locations across our two countries, so Mayors and Local Government Leaders from the North of England delivered a [joint letter on 8th February 2026](#) (from the Great North to the government), calling for any future UK Olympic and Paralympic bid to be centred in the North of England. The letter highlighted the legacy benefits that can accrue for regions from major sporting events in terms of jobs, regeneration and transport links.

Successful legacies don't happen on their own though. They take careful planning to achieve.

The [International Olympics Committee's Strategic Approach to Legacy](#) has in the past emphasised:

- ❖ Embedding communication legacy objectives from the very start of the Olympics bid process;
- ❖ Developing strong partnerships to deliver the legacy; and
- ❖ Setting up effective governance for legacy measurement.

For economic legacy, [World Economic Forum](#) data published in February 2026 highlights the importance of strong and realistic forecasting.

In the North of England, it is clear that the sense of partnerships is already strong.

As the Leaders of Westmorland and Furness Council, and Cllr Mark Fryer, leader of Cumberland Council, both said:

“It is unlikely that stood alone any city or county (in the North) could have realistic hopes of pulling off such a major coup. But the combined ambition and offer of the authorities across the North of England is a far stronger proposition.”

Local authorities throughout England oversee sporting and cultural events on many different levels. Wherever there is investment, Audit Committees can ask: Have we set and communicated goals?; Are we measuring impact?; and what governance is there over how we forecast and measure?

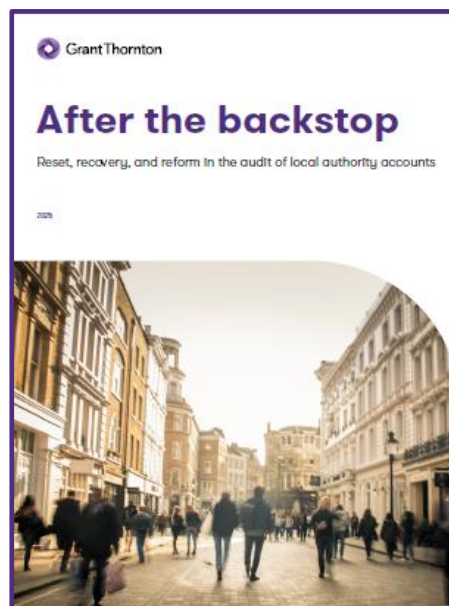
After the Backstop:

Reset, recovery and reform in the audit of local authority accounts

Our latest thought leadership report ‘After the Backstop: Reset, recovery and reform in the audit of local authority accounts’ was published in December 2025.

In this report we explored the development and implementation of a ‘reset’ of the local audit system, the immediate and longer-term consequences of the ‘backstop’ before turning attention to the reform of the system, the challenges involved in returning to widespread and sustainable compliance with audit reporting timeframes and what, in our view, is needed next. We also set out a series of recommendations for the Local Audit Office, the UK Government, local bodies, Audit Committees, and auditors.

The full report is available here: [Local audit reset: What comes after the backstop? | Grant Thornton](#)



Gareth Davies, Head of the National Audit Office, informed Parliament [in a keynote speech on 10th February 2026](#) that the use of disclaimed audit opinions to meet backstop dates, coming after years of backlogs in the accounts, means that **“we have no independent assurance about how local government spent billions of pounds of public money”**.

By coincidence, we were joined at a webinar by some 140 local government finance professionals and Audit Committee members on the same day to discuss reset, recovery and reform in the local audit market. Insight from the discussion can be found here: [After the Backstop | Grant Thornton](#).

Key recommendations to Audit Committees are:

- ❖ Recruit independent members with appropriate skills and experience.
- ❖ Hold management and auditors to account.
- ❖ Report to full Council on an annual basis with their assessment of the accounts preparation and audit process.
- ❖ Understand the approach to be taken to rebuilding audit assurance where previous accounts were disclaimed:
- ❖ Ensure appropriate consideration is given to future financial management where local government reorganisation applies.

Audit Committee resources

Commentary from Grant Thornton on recovering the accounts preparation and audit timetable:

[Local audit reset: What comes after the backstop? | Grant Thornton](#)

Latest guidance and learning from Grant Thornton on local government reorganisation and devolution:

[Navigating the future: The dual challenge of local Government reorganisation and devolution | Grant Thornton](#)

[Dual delivery - How can areas successfully reorganise local government and implement devolution at the same time?](#)

[Learning from the new unitary councils](#)

Grant Thornton learning on procurement and contract management:

[Local government procurement and contract management](#)

Audit Committee and organisational effectiveness in local authorities (CIPFA):

<https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email ami.beeton@local.gov.uk LGA Senior Adviser, for more information.

CIPFA Application Note: Global Internal Audit Standards in the UK Public Sector

[Global Internal Audit Standards in the UK Public Sector | CIPFA](#)

CIPFA Good Governance

[Delivering Good Governance in Local Government Addendum](#)

The Three Lines of Defence Model (IAA)

<https://www.theiia.org/globalassets/documents/resources/the-ias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

Risk Management Guidance / The Orange Book (UK Government):

<https://www.gov.uk/government/publications/orange-book>

Appendix

Letter regarding 2025-26 audit timelines

10 March 2026

Dear Chair of Audit Committee

Copied to: Strategic Director of Finance and Customer Services (s151)

Proposals for the annual accounts and external audit timeframes from 2026 onwards

Ahead of us starting our work on your 2025-26 Accounts, we wanted to send you a letter to set out our plans for your audit timelines over the course of the next two years and what we will need from you as an Authority as part of these plans.

As I am sure you are aware, on 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

For years ended 31 March 2025 by 27 February 2026;

for years ended 31 March 2026 by 31 January 2027; and

for years ended 31 March 2027 by 30 November 2027.

The statutory instrument is supported by the National Audit Office's (NAO) Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

As you know, The Authority has always received a full, unqualified 'clean' audit opinion prior to any backstop dates. Whilst this places the Authority in a good place compared to a number of local authorities who are dealing with backstopped, disclaimed opinions, the audit has been completed in the July-December period in recent years. It will be important that the Authority works together with us to bring forward completion of the audit, albeit this requires only a modest adjustment to the timetable at Rotherham with the aim of concluding the audit and issuing the opinion in November rather than December.

To be able to achieve the targets for the next two financial years, as a firm we are looking to put things in place to enable us to achieve the end of November 2027 deadline. In order to help make this achievable, we are going to undertake a 'dry run' of finishing our work on the 2025-26 Accounts by the end of November 2026. We would note that the NAO has already set a requirement that our Value for Money (VfM) work is completed by 30 November each year which has been set to align with the upcoming 30 November accounts deadline.

One area which we see as crucial to supporting a November completion date is to make increased use of our planning and interim audit work. We are seeking to perform an enhanced interim audit involving early, advanced sample testing on a number of areas by the end of April 2026. We have been liaising with the finance team to support audit testing of transactions in the first nine to ten months of the financial year. This should reduce the level of detailed transactional testing from the year-end audit work in the Summer and Autumn.

(cont.)

Letter regarding 2025-26 audit timelines (cont.)

We are aiming to start our work on your accounts from the end of June 2026, following receipt of the Authority's draft accounts. We are committed to working closely with finance colleagues from the commencement of our audit and throughout, with weekly meetings expected to take place to monitor progress and achievement against key milestones, through to November's deadline.

This plan should allow us as a firm to deliver all of our 2025-26 Local Government audits by the end of November 2026, which will then put us in a strong position ahead of the backstop formally moving to the end of November 2027. We appreciate this will require a change on how both sides will need to work to make this a reality, but we are committed to making this happen.

We have undertaken early engagement with your finance team to clearly set out our expectations and what is needed to make a success of these plans. MHCLG have asked us as a firm to report by 31 July 2026, on a case by case basis, our assessment of the Authority's ability to both maintain and where necessary rebuild assurance. Having a clear and agreed project plan to complete all financial statements and VFM work by 30 November 2026 is a key part of this assurance.

If you have any queries or questions, then do not hesitate to let us know.

Yours sincerely

Elizabeth Luddington

Key Audit Partner & Engagement Lead for Rotherham Metropolitan Borough Council



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Committee Name and Date of Committee Meeting

Audit Committee – 17 March 2026

Report Title

Treasury Management Quarterly Update and Treasury Management Strategy

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)

Tom Soulby

01709 822334 or tom.soulby@rotherham.gov.uk

Ward(s) Affected

Borough-Wide

Report SummaryTreasury Management Quarterly Update

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommends that members be updated on treasury management activities at least quarterly. This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

This report includes the quarter 3 review for 2025/26. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's prudential indicators (PIs).

It is a requirement that any proposed changes to the 2025/26 prudential indicators are approved by Council.

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

Treasury Management Strategy

Treasury Management Strategy report was submitted to the Council for approval on the 4th March 2026. It is provided to the Audit Committee for information. The Audit Committee's terms of reference require that the Committee review the Treasury Management Strategy. The Treasury Management Strategy is included in Appendix D.

Recommendations

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

List of Appendices Included

Appendix A – Prudential and Treasury Indicators;

Appendix B – Economic Background;

Appendix C – Treasury Management Practice 1 – Credit and Counterparty Risk Management.

Appendix D – Prudential Indicators and Treasury Management and Investment Strategy 2025/26 – 2028/29

Background Papers

Budget and Council Tax Setting Report 2025/26 to Council on 5th March 2025, Including the Treasury Management Strategy 2025/26

Budget and Council Tax Setting Report 2026/27 to Council on 4th March 2026, Including the Treasury Management Strategy 2026/27

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No.

Council Approval Required

No

Exempt from the Press and Public

No.

1.	Background
1.1	This report includes the Quarter 3 update on Treasury management performance for 2025/26 including monitoring against the prudential indicators. In addition, this report includes the Treasury Management Strategy Statement for 2026/27. This Treasury Management Strategy was submitted to the Council for approval on the 4 th March 2026 as part of the Budget and Council tax report. It is provided to the Audit Committee for information. The Terms of Reference for the Audit Committee require that the Audit Committee review the Treasury Management Strategy and performance against it.
1.2	Quarter 3 Treasury Review – The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommends that Members be updated on treasury management activities at least quarterly. This report, therefore, ensures this Council is implementing best practice in accordance with the Code.
1.3	This review as fully set out in Appendix A meets these requirements. It also incorporates the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council’s prudential indicators (PIs). The Treasury Management Strategy and PIs were previously reported to Cabinet on 10 th February 2025 and approved by Council on 5 th March 2025.
2.	Key Issues
2.1	Quarter 3 Treasury Review – The review as set out in Appendix A provides Members with details of quarter 3 performance against the plan.
2.2	<p>a. Investments - the primary governing principle remains security over return and the criteria for selecting counterparties continues to reflect this.</p> <p>b. Borrowing – The Council will maintain its strategy of being under-borrowed against the capital financing requirement.</p> <p>Since the mid-year report presented to the Audit Committee in November 2025 the Council has borrowed £25m from the South Yorkshire Mayoral Combined Authority and further borrowing is expected to be required before the end of the financial year. This borrowing is to re-finance historic debt and support cash flow management. As previously reported, the Council will predominantly adopt a short-term borrowing strategy to cover borrowing need in anticipation of lower interest rates in the medium term to long term.</p> <p>c. Governance - strategies and monitoring are reviewed by Audit Committee.</p>
3.	Options considered and recommended proposal
3.1	Quarter 3 Treasury Review – The review as set out in Appendix A indicates performance is in line with the plan and no proposals to vary the approach for the remainder of the year are proposed.

4.	Consultation on proposal
4.1	The continuing approach to treasury management has been discussed with the Council's external Treasury Management Advisers, MUFG Corporate Markets (MUFG), who have confirmed this is a prudent approach given current market conditions. MUFG will continue to monitor borrowing rates and inform the Council if there are opportunities to borrow at advantageous rates.
5.	Timetable and Accountability for Implementing this Decision
5.1	The report is for Audit Committee information and noting.
6.	Financial and Procurement Advice and Implications
6.1	Treasury Management forms an integral part of the Council's overall financial arrangements. For the financial year 2025/26 the Treasury Management budgets are estimated to provide an underspend that will help support the Council's overall budget pressures, through the income generated through the investment strategy.
6.2	The assumptions supporting the capital financing budget for 2025/26 and for future years covered by the Council's MTFs were reviewed in light of economic and financial conditions and the Capital Programme.
6.3	The current strategy is to maintain the Council's position of being under-borrowed against the Capital Financing Requirement. The Council is forecast to require additional borrowing before the end of the 2025/26 financial year. This borrowing will be taken on a short-term basis to avoid exposure to currently high interest rates in anticipation of lower rates in future years. There is a possibility of taking some long-term borrowing from the PWLB at the discounted HRA rate.
6.4	There are no direct procurement implications arising from this report.
7.	Legal Advice and Implications
7.1	It is a requirement that changes to the Council's prudential indicators are approved by Council.
8.	Human Resources Advice and Implications
8.1	There are no Human Resource implications arising from the report.
9.	Implications for Children and Young People and Vulnerable Adults
9.1	The report does not impact the Children's and Adult Social care budgets.

10.	Equalities and Human Rights Advice and Implications
10.1	There are no implications arising from this report to Equalities and Human Rights.
11.	Implications for CO2 Emissions and Climate Change
11.1	No direct implications.
12.	Implications for Partners
12.1	There are no implications arising from this report to Partners or other directorates.
13.	Risks and Mitigation
13.1	Regular monitoring of treasury activity ensures that risks and uncertainties are addressed at an early stage and hence kept to a minimum.
14.	Accountable Officers
	Rob Mahon, Service Director Financial Services
	Natalia Govorukhina, Head of Corporate Finance

APPENDICES

- A. Prudential and treasury indicators
- B. Economic background
- C. Treasury management practice 1 – credit and counterparty risk management
- D. Prudential Indicators and Treasury Management and Investment Strategy
2025/26 – 2028/29

Appendix A

THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2026/27 – 2028/29

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators: -

Ratio of Financing Costs to Net Revenue Stream

This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

%	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Non-HRA	11.04	12.70	15.46	16.24
HRA	14.67	13.47	12.42	11.50

The estimates of financing costs include current commitments and the proposals in this budget report.

Maturity Structure of Borrowing

These gross limits are set to reduce the Council's exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits: -

Maturity structure of borrowing 2026/27				
	Indicator		Current position	
	Lower	Upper	%	£m
Under 12 months	0%	50%	11.90%	77.242
12 months to 2 years	0%	35%	10.05%	65.252
2 years to 5 years	0%	45%	0.90%	5.820
5 years to 10 years	0%	45%	1.02%	6.603
10 years to 20 years	0%	45%	5.20%	33.750
20 years to 30 years	0%	50%	8.68%	56.336

30 years to 40 years	0%	50%	11.56%	75.000
40 years to 50 years	0%	60%	39.91%	259.000
50 years and above	0%	60%	10.79%	70.000

Control of Interest Rate Exposure

RMBC	2025/26	2026/27	2027/28	2028/29
Interest rate Exposures				
	Upper	Upper	Upper	Upper
Limits on fixed interest rate debt based on fixed net debt	100%	100%	100%	100%
Limits on variable interest rate debt based on variable net debt	50%	50%	50%	50%

Compliance with Treasury and Prudential Limits

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the quarter ended 31st December 2025, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2025/26. The tables below set out the actual position as at 31 December 2025 compared to these indicators. The Executive Director of Corporate Services reports that no difficulties are envisaged for the current or future years in complying with these indicators.

All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

Treasury Indicators	2025/26 Budget £'000	31.12.25 Actual £'000
Authorised limit for external debt	1,113,716	704,062
Operational boundary for external debt	1,112,163	
Gross external debt	1,052,163	
Investments	20,000	31,380
Net borrowing	1,032.163	672,682

Maturity structure of borrowing	Upper limit	Actual as at 31.12.25
Under 12 months	60%	7.82%
12 months to 2 years	35%	10.97%
2 years to 5 years	45%	9.34%
5 years to 10 years	45%	1.64%
10 years to 20 years	45%	4.84%
20 years to 30 years	50%	8.00%
30 years to 40 years	50%	7.10%
40 years to 50 years	55%	40.34%
50 years and above	60%	9.94%

	Limit	Actual as at 31.12.25
Sums invested >364 days	£10m	£0m

ECONOMIC BACKGROUND

The financial year 2025/26 to date saw:

- The Bank of England continuing its cuts to interest rates with three cuts to date, bringing base rate down from 4.5% to 3.75%.
- 10-year gilt yields fluctuated between 4.4% and 4.8%, ending the half year at 4.70% before falling back to a little over 4.5% in late December.
- CPI inflation remained at 3.8% in September but dropped to 3.2% by November.
- An easing in wage growth as the headline 3-month year over year rate (excluding bonuses) fell from 5.5% in June to 4.6% in September 2025.

Appendix C

TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

The MHCLG issued Investment Guidance in 2018, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for local authorities to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective, the Guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council has adopted the Code and will apply its principles to all investment activity. In accordance with the Code, the Executive Director of Corporate Services has produced its treasury management practices (TMPs). This part, TMP 1, covering investment counterparty policy requires approval each year.

Annual Investment Strategy - The key requirements of both the Code and the investment guidance are for the Council to set an Annual Investment Strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of the following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council may use. These are high security and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

Strategy guidelines – The main strategy guidelines are contained in the body of the Treasury Management Strategy Statement.

Specified investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. They also include investments which were originally classed as being non-specified investments, but which would have been classified as specified investments apart from originally being for a period longer than 12 months once the remaining period to maturity falls to under 12 months.

These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with: -

- The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or a Gilt with less than one year to maturity).
- UK Local Authorities.
- Money Market Funds that have been awarded a AAA credit rating by a credit rating agency e.g., Standard and Poor's, Moody's and/or Fitch rating agencies restricted to £20m.
- A bank or building society that has been awarded a minimum short-term rating of F1 by Fitch, P-1 by Moody's and A-1 by Standard and Poor's rating agencies. For Building Societies investments will be restricted to 20% of the overall investment portfolio and:
 - a maximum of £5m for a period not exceeding 6 months if the society is ranked in the top 10 by asset size; or
 - a maximum of £1m and a period not exceeding 3 months if the society is ranked 11 to 20 by asset size.

Non-specified investments – are any other type of investment (i.e., not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below.

Non-specified investments would include any sterling investments with: -

1. A bank that has been awarded a minimum long term credit rating of AA- by Fitch, Aa3 by Moody's and AA- by Standard & Poor's for deposits with a maturity of greater than 1 year.
2. The Council's own bank if ratings fall below the above minimum criteria.
3. A Building Society which is ranked in the top 20 by asset size. Investments will be restricted to 20% of the overall investment portfolio and:
 - a maximum of £5m for a period not exceeding 6 months if the Society is ranked in the top 10 by asset size; or
 - a maximum of £1m and a period not exceeding 3 months if the Society is ranked 11 to 20 by asset size.

This Council will seek further advice on the appropriateness and associated risks with investments in these categories.

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from MUFG as and when ratings change, and counterparties are checked promptly.

On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest.

Any counterparty failing to meet the criteria will be removed from the list immediately by the Executive Director of Corporate Services, and if required new counterparties which meet the criteria will be added to the list.

**Prudential Indicators and Treasury Management and Investment Strategy
2025/26 – 2028/29**

1. Purpose of the Report

1.1 The Audit Committee is asked to note the contents of the Treasury Management and Investment Strategy 2025/26 – 2028/29 that has been presented for approval by Council on 4th March 2026.

2. Background

2.1 The Local Government Act 2003 and supporting regulations require the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and prepare, set and publish prudential indicators and treasury indicators that ensure the Council's capital expenditure plans are affordable, prudent and sustainable in the long-term.

2.2 The prudential indicators consider the affordability and impact of capital expenditure plans and set out the Council's overall capital framework. Each prudential indicator either summarises the expected activity or introduces limits upon the activity and reflects the underlying capital programme.

2.3 Within the overall prudential framework there is a clear impact on the Council's treasury management activity, either through borrowing or investment activity. As a consequence, a Treasury Management Strategy is prepared which considers the effective funding of the capital expenditure decisions and complements the prudential indicators.

2.4 The Council is required to operate a balanced revenue budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

2.5 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that it can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.

2.6 This means that increases in capital expenditure must be limited to a level whereby charges to revenue remain affordable within the projected income of the Council for the foreseeable future. These increased charges may arise from:

- increases in interest charges and debt repayments caused by increased borrowing to finance additional capital expenditure; and
- any increases in operational running costs from new capital projects.

2.7 The contribution the treasury management function makes to the Council is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

“The management of the local authority’s borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

2.8 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

2.9 The Council’s treasury activities are strictly regulated by statutory requirements and guidance, including;

- CIPFA Treasury Management Code
- CIPFA Prudential Code
- MHCLG Investment Guidance
- MHCLG Minimum Revenue Provision (MRP) Guidance

2.10 The Council’s Constitution (via Financial and Procurement Procedure Rules) requires the annual Treasury Management Strategy to be reported to Council outlining the expected treasury activity for the forthcoming 3 years. A key requirement of this report is to explain both the risks, and the management of the risks, associated with the treasury service. As a minimum a mid-year monitoring report is produced with a further report produced after the year-end to report on actual activity for the year. In addition, the Audit Committee receives quarterly reports to update on key Treasury Management issues.

2.11 Reports on Treasury matters are also required to be adequately scrutinised before being recommended to the Council and this role is undertaken by the Audit Committee.

3. Key Issues

Overview

3.1 The Council's 2025/26 Prudential Indicators and Treasury Management Strategy was approved by Council on 5 March 2025, whilst a Mid-Year report which updated the 2025/26 approved indicators was considered by the Audit Committee on the 25 November 2025. This report provides an update for the period 2025/26 to 2028/29.

3.2 The Treasury Management Strategy (including the Investment Strategy) is detailed in this report, with supporting detail provided on the key elements of the Council's Capital Expenditure Plans and associated Prudential Indicators.

3.3 The Treasury Management Strategy has been drawn up taking account of advice from the Council's treasury management advisors, MUFG Corporate Markets Treasury Limited.

3.4 This is a technical and complex report however the key messages are:

- **Investments** – the primary governing principle will remain security over return and the criteria for selecting counterparties reflect this.
- **Borrowing** – The Council will maintain its strategy of being under-borrowed against the capital financing requirement.

Since the mid-year report presented to the Audit Committee in November 2025 the Council has borrowed £25m from the South Yorkshire Mayoral Combined Authority and further borrowing is expected to be required before the end of the financial year. This borrowing is to re-finance historic debt and support cash flow management. As previously reported, the Council will predominantly adopt a short-term borrowing strategy to cover borrowing need in anticipation of lower interest rates in the medium term to long term.

- **Governance** – strategies and risk are reviewed by the Audit Committee with continuous monitoring which includes the Mid-Year and Year End reporting.
- The Council's approach to Treasury Management in recent years, utilising short term borrowing in particular, has generated significant savings for the Council, essential to achieving balanced budgets, but the future outlook remains challenging. The Bank of England has started to cut the Base Rate and the cost of short term borrowing has reduced as a result, with

further reductions expected in the near future. The costs for longer term borrowing however remain high reflecting the yield on UK gilts.

- 3.5 The current 50 year PWLB borrowing level is 5.67%. Short term borrowing is available for 4.5% for 6 months. The Council keeps interest rates under constant review along with its borrowing strategies and decisions on the mix of long-term and short-term borrowing.

Reporting Requirements

- 3.6 The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals. The **Prudential and Treasury Indicators and Treasury Strategy** is reported to and approved by the Council, the **Annual Treasury Report & Mid-Year Treasury Management Report** are presented to the Audit Committee, with the former being referred onto the Council.

- a. **Prudential and treasury indicators and treasury strategy** (this report)
- The first, and most important report is forward looking and covers: -
- the capital plans (including prudential indicators)
 - a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time)
 - the Treasury Management Strategy (how the investments and borrowings are to be organised), including treasury indicators; and
 - an Annual Investment Strategy (the parameters on how investments are to be managed)
- b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision. In addition, the Audit Committee will receive quarterly update reports.
- c. **An annual treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Treasury Management Strategy for 2026/27

- 3.7 The strategy for 2026/27 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators
- the minimum revenue provision (MRP) policy

Treasury management issues

- the current treasury position
- treasury indicators which limit the treasury risk and activities of the Council
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy; and
- the policy on use of external service providers

3.8 These elements cover the requirements of the Local Government Act 2003, MHCLG Investment Guidance, MHCLG MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

Training

3.9 The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training will be arranged with the Council's treasury advisors MUFGE for Members of the Audit Committee.

3.10 The Code states that it is expected that all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making.

3.11 The Council is required to record attendance at training and prepare learning plans for treasury management officers, board/Council members.

3.12 A formal record of the training received by officers central to the Treasury function will be maintained by the Treasury Manager. Similarly, a formal record of the treasury management/capital finance training received by Members will also be maintained by the Finance Manager responsible for Treasury Management.

Treasury Management Consultants

3.13 The Council uses MUFGE Corporate Markets as its external treasury management advisors.

3.14 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

3.15 It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

3.16 The company provides a range of services which include:

- Technical support on treasury matters, capital finance issues and the drafting of Member reports;
- Economic and interest rate analysis;
- Debt services which includes advice on the timing of borrowing;
- Debt rescheduling advice surrounding the existing portfolio;
- Generic investment advice on interest rates, timing and investment instruments; and,
- Credit rating/market information service comprising the three main credit rating agencies.

4. The Capital Prudential Indicators 2025/26 – 2028/29

4.1 The Council's capital expenditure plans are summarised below and form the first of the prudential indicators. A certain level of capital expenditure is grant supported by the Government; any decisions by the Council to spend above this level will be considered unsupported capital expenditure. This unsupported capital expenditure needs to have regard to:

- Service objectives (e.g. strategic planning);
- Stewardship of assets (e.g. asset management planning);
- Value for money (e.g. option appraisal)
- Prudence and sustainability (e.g. implications for external borrowing and whole life costing);
- Affordability (e.g. implications for the council tax and rents)
- Practicality (e.g. the achievability of the Capital Programme)

4.2 The revenue consequences of capital expenditure, particularly the unsupported expenditure, will need to be paid for from the Council's own revenue resources.

4.3 This capital expenditure can be paid for immediately (by applying capital resources such as capital receipts, capital grants etc., or revenue resources), but if these resources are insufficient any residual expenditure will add to the Council's borrowing need.

4.4 The key risks to the plans are that the level of Government support has been estimated and is therefore subject to change. Similarly, some of the estimates for other sources of funding, such as capital receipts, may also be subject to change over this timescale.

- 4.5 The revised capital expenditure plans in the updated Capital Strategy and Capital Programme being presented within this report, are summarised in the table below.
- 4.6 It should be noted that these represent the capital investment forecasts under traditional forms of financing and excludes assets acquired under PFI and finance lease arrangements which are a type of borrowing but which are budgeted for separately outside of the capital financing budget.
- 4.7 With regards to the Council's capital spending plans, the Council will need to closely consider the level of prudential borrowing it incurs moving forwards, post the 2026/27 Budget, to ensure that the Council's overall debt position is manageable, can be sustainably financed within the Council's Treasury Management Budgets (revenue) and to help guard against interest rate risk.

Capital Expenditure and Financing

- 4.8 This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts: -

Capital expenditure £m	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Children and Young People's Services	9.586	14.133	6.283	16.100
Policy, Strategy and Engagement	0.439	0.255	0.210	0.210
Adult Care & Housing	11.727	7.098	6.394	6.927
Corporate Services	12.633	19.456	12.791	19.451
Regeneration and Environment	66.939	91.121	21.620	6.521
Total Non HRA	101.324	132.063	47.298	49.209
HRA	67.064	78.843	52.207	97.866
Total HRA	67.064	78.843	52.207	97.866
Total expenditure	168.388	210.906	99.505	147.075

- 4.9 **Other long-term liabilities** - the above financing need excludes other long-term liabilities, such as Private Finance Initiative (PFI) and leasing arrangements that already include borrowing instruments.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of Capital expenditure £m	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Capital receipts	4.958	8.920	5.180	21.892
Capital grants, capital contributions & other capital funding sources	94.671	102.872	48.644	75.622
Total financing resources	99.629	111.792	53.824	97.514
Prudential borrowing requirement for the year	68.759	99.114	45.682	49.561
Total Financing of Capital expenditure £m	168.388	210.906	99.505	147.075

The Council's Borrowing Need (the Capital Financing Requirement)

- 4.10 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.
- 4.11 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used. Therefore, in order to reduce the CFR the Council would need to have a planned MRP charge that is greater than the level of borrowing incurred in that year.
- 4.12 The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility by the PFI, Public-Private Partnerships (PPP) lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £134m of such schemes within the CFR.
- 4.13 The Council is asked to approve the CFR projections below:

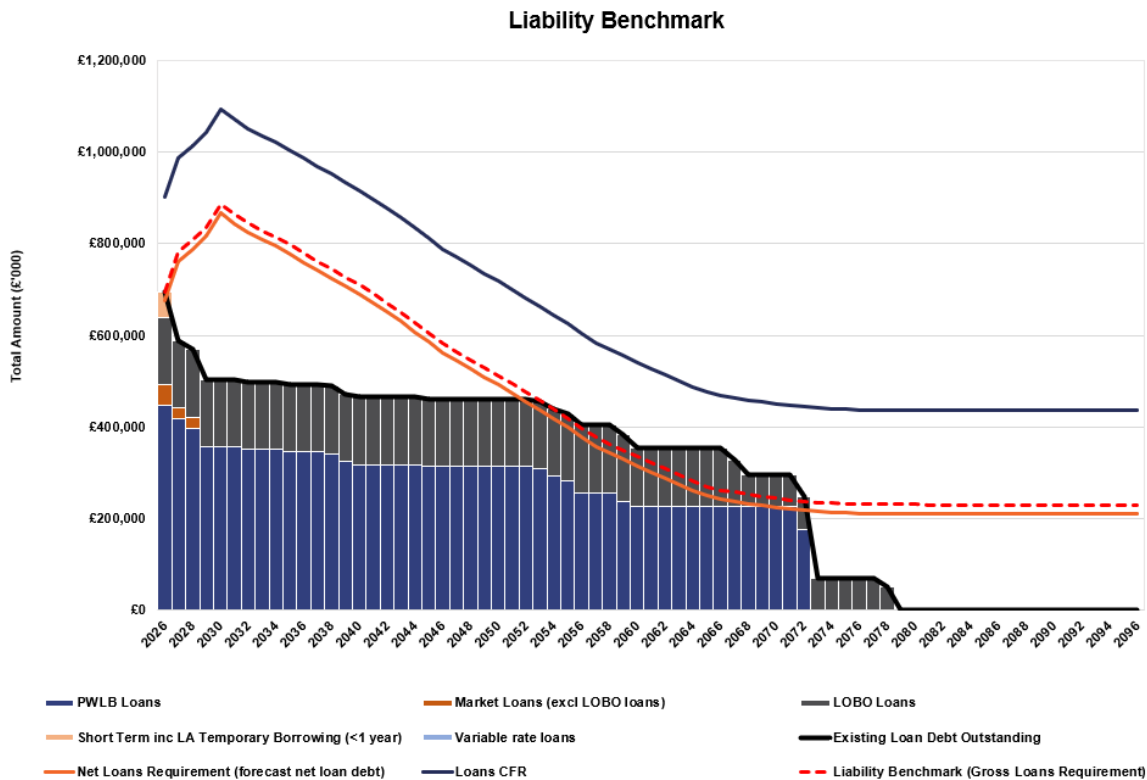
£m	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Capital Financing Requirement				
CFR – General Fund	707.754	759.121	768.179	774.622
CFR - HRA	328.991	357.166	368.878	385.054
Total CFR	1,036.745	1,116.287	1,137.057	1,159.676
Movement in CFR	54.192	79.542	20.770	22.619
Of which:				
CFR – Capital investment	902.270	987.760	1,014.570	1,043.058
OLTL	134.475	128.527	122.487	116.618

Movement in CFR represented by				
Prudential borrowing requirement for the year (table above)	68.759	99.114	45.682	49.561
Net financing need for the year for OLTL	-4.494	-5.948	-6.041	-5.869
Less MRP and other financing movements	-10.073	-13.624	-18.871	-21.073
Movement in CFR	54.192	79.542	20.770	22.619

Liability Benchmark

4.14 The Council is required to estimate and measure the Liability Benchmark (LB) for the forthcoming financial year and the following two financial years, as a minimum. There are four components to the LB: -

1. **Existing loan debt outstanding:** the Council's existing loans that are still outstanding in future years.
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement:** this will show the Council's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.



4.15 Any years where actual loans are less than the benchmark indicate a future borrowing requirement; any years where actual loans outstanding exceed the benchmark represent an overborrowed position, which will result in excess cash requiring investment.

4.16 The index shows that in the short to medium term the net loans requirement exceeds the existing debt so borrowing will be required to finance capital expenditure. In 2054 the level of loans exceeds the gross loan requirement which results in a cash balance to invest. This index is based on the current 4 year capital programme. In reality it is likely that further borrowing will be required to fund the capital programme beyond this 4 year time horizon and the actual loan requirement will be greater than shown on the index.

Minimum Revenue Provision (MRP) Policy Statement

4.17 Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Council has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (MRP).

4.18 The Council is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The MRP Guidance (2024) gives four ready-made options for calculating MRP, but the Council can use any other reasonable basis that it can justify as prudent.

4.19 The Executive Director of Corporate Services will, where it is prudent to do so, use discretion to review the overall financing of the capital programme and the opportunities afforded by the regulations to maximise the benefit to the Council whilst ensuring it meets its duty to charge a 'prudent' provision. To provide maximum flexibility the recommended MRP policy includes the use of the annuity method and the equal instalments method.

4.20 The MRP policy statement requires Council approval in advance of each financial year.

4.21 It is recommended that the following MRP Statement is approved:

- a) The MRP charge in relation to capital expenditure incurred prior to 2007/08 where the expenditure was funded by either supported or unsupported borrowing will be calculated using the expected useful life of the asset and the calculation of the provision will be by the annuity method;
- b) The MRP charge in relation to capital expenditure incurred since 2007/08 where the expenditure is funded by either supported or unsupported borrowing will be calculated using the expected useful life of the asset at the point the asset is brought into use. The calculation of the provision will be either the annuity method or the equal instalments method depending on which is most appropriate; and
- c) The MRP charge in relation to capital expenditure incurred since 2007/08 where the expenditure is funded by a 'capitalisation directive' (e.g. equal pay) will be calculated on the basis of the specified period(s) set down within the regulations. The calculation of the provision will be either the annuity method or the equal instalments method depending on which is most appropriate.
- d) Repayments included in annual PFI charges or finance lease payments are also applied as MRP.
- e) Where former operating leases have been brought onto the balance sheet due to the adoption of the IFRS 16 Leases accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or discounts, then the annual MRP charges will be adjusted so that the overall charge for MRP over the life of the lease reflects the value of the right-of-use asset recognised on transition rather than the liability.
- f) No MRP charge is currently required for the HRA. The HRA charges depreciation on its assets, which is a revenue charge.

In order to meet the requirement to make an annual, prudent repayment of debt, the Council may use prior year capital receipts to pay down debt, reducing the level of MRP charged to revenue. This policy has been factored into the planned capital programme and management of capital programme resources.

Under the MRP guidance, charges made in excess of the statutory MRP can be made and are known as voluntary revenue provision (VRP). VRP can be reclaimed in later years if deemed necessary or prudent. In order for these amounts to be reclaimed for use in the budget, this policy must disclose the

cumulative overpayment made each year. Cumulative VRP overpayments made to 31st March 2025 are nil.

5. Borrowing Strategy

5.1 The capital expenditure plans set out in Section 3 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's Capital Strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions, and the Annual Investment Strategy.

Current Portfolio Position

5.2 The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£m	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
External Debt				
Debt at 1 April	677.232	785.000	884.114	929.796
Expected change in Debt	107.768	99.114	45.682	49.561
External Debt (excluding OLTL)	785.000	884.114	929.796	979.357
Other long-term liabilities (OLTL)	138.970	134.475	128.527	122.487
Expected change in OLTL	-4.495	-5.948	-6.040	-5.869
Estimated gross debt at 31 March	919.475	1,012.641	1,052.283	1,095.975
The Capital Financing Requirement	1,036.745	1,116.287	1,137.057	1,159.676
Under / (over) borrowing	117.270	103.646	84.774	63.701

5.3 Within the range of prudential indicators there are several key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2026/27 and the following two financial years. This allows some flexibility for limited early borrowing for future years

but ensures that borrowing is not undertaken for revenue or speculative purposes.

- 5.4 The Executive Director of Corporate Services reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes account of current commitments, existing plans and the proposals in this budget report.

Treasury Indicators: Limits to Borrowing Activity

- 5.5 The Operational Boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational Boundary £m	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Debt	815.000	914.114	959.796	1,009.357
Other long-term liabilities	134.475	128.527	122.487	116.618
Total	949.475	1,042.641	1,082.283	1,125.975

- 5.6 The Authorised Limit for external debt. This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Full Council. It reflects the level of external debt which, while not desired, could be afforded in the short-term, but is not sustainable in the longer-term.

- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all local authority plans, or those of a specific authority, although this power has not yet been exercised.
- The Council is asked to approve the following Authorised Limit.

Authorised Limit £m	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Debt	922.270	1,007.760	1,034.570	1,063.058
Other long-term liabilities	141.199	134.953	128.611	122.449
Total	1,063.469	1,142.713	1,163.181	1,185.507

- 5.7 Separately, the Council was limited to a maximum HRA CFR through the HRA self-financing regime debt cap. This cap was removed in the Government's Autumn Budget 2018. The latest iteration of the HRA Business Plan requires additional borrowing to support the Growth Programme, and therefore there has been an increase in the HRA CFR. A prudent debt limit has been applied to the Council's HRA borrowing, allowing for that current need, plus £30m to enable a reaction to any significant development opportunity that arises.

HRA Debt Limit £m	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
HRA Debt Limit	358.991	387.166	398.878	415.054
HRA CFR	328.991	357.166	368.878	385.054
HRA Headroom (+)	30.000	30.000	30.000	30.000

Expected Movement in Interest Rates

- 5.8 The Council's treasury advisors expect the Monetary Policy Committee (MPC) will gradually reduce the Bank Rate from the current level of 3.75% to 3.25% by March 2026. Their expectation is that the MPC will not increase Bank Rate above 3.75% in the near future, but it is possible.

Gilt yields and PWLB rates

- 5.9 The overall longer-run trend is for gilt yields and PWLB rates to fall back over the medium term, but there is a risk that these stay higher for longer than forecast.

Borrowing Strategy

- 5.10 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels, albeit only once prevailing inflation concerns are addressed by restrictive near-term monetary policy. That is, Bank Rate remains relatively elevated in 2026 even if further rate cuts arise.
- 5.11 Against this background and the risks within the economic forecast, caution will be adopted with the 2026/27 treasury operations. The Executive Director of Corporate Services, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above.
- 5.12 While short term borrowing provides lower cost opportunities in the short to medium term, in a rising interest rate environment it can be advantageous to lock in long term borrowing. In the current situation where interest rates are forecast to fall in the medium term it is advantageous to defer long term borrowing and utilise short term borrowing. Subsequently locking in long term borrowing when rates are lower.
- 5.13 Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

Policy on Borrowing in Advance of Need

- 5.14 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement

estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

- 5.15 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Rescheduling

- 5.16 Rescheduling of current borrowing in our debt portfolio may be considered whilst premature redemption rates remain elevated but only if there is surplus cash available to facilitate any repayment, or rebalancing of the portfolio to provide more certainty is considered appropriate.

- 5.17 The reasons for any rescheduling to take place will include:

- The generation of cash savings and/or discounted cash flow savings;
- Helping to fulfil the treasury strategy; and,
- Enhancing the balance of the portfolio (amending the maturity profile and/or the balance of volatility).

6. Annual Investment Strategy

- 6.1 The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of the following:

- The guidelines for investment decision making, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which investments can be made.
- The specified investments the Council may use.
- The non-specified investments the Council may use.

- 6.2 This strategy is to be approved by Council. The investment policy proposed for the Council is detailed in the following paragraphs.

Investment Policy – Management of Risk

- 6.3 The Ministry of Housing, Communities and Local Government (MHCLG) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets and service investments, are covered in the Capital Strategy, (a separate report).

- 6.4 The Council's investment policy has regard to the following: -

- MHCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
- CIPFA Treasury Management Guidance Notes 2021

6.5 The Council's investment priorities will be security first, portfolio liquidity second and then yield (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with regard to the Council's risk appetite.

Creditworthiness Policy

6.6 The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that: -

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

6.7 The Executive Director of Corporate Services will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

6.8 Credit rating information is supplied by MUFG, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur, and this information is considered before dealing. For instance, a negative rating watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

6.9 The criteria for providing a pool of high-quality investment counterparties, (both specified and non-specified investments) is:

- **Banks** - The Council will use banks which are rated by at least two rating agencies and have at least the following Fitch, Moody's and Standard and Poors' ratings (where rated):

	Fitch	Moody's	Standards & Poor's
Short-term	F1	P-1	A-1
Long-term	A-	A3	A-

- To allow for the day to day management of the Council's cash flow the Council's bankers will also be retained on the list of counterparties if ratings fall below the above minimum criteria.
- **Building societies** - the Council will use the top 20 Building Societies ranked by asset size but restricted to a maximum of 20% of the investment portfolio.
- **Money Market Funds (MMFs) (CNAV or LVNAV)** – restricted to a maximum investment of £20m per fund. The Council works with its specialist Treasury Advisors to review and select appropriate MMF's to ensure that those selected are AAA rated and therefore highly secure, with cash available for withdrawal each day, therefore these are very low risk accounts.
- **UK Government** – Debt Management Office
- **UK Local Authorities**

6.10 A limit of 35% will be applied to the use of Non-Specified investments within the investment portfolio, excluding day to day cash management through the Council's own bank.

6.11 Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market and sovereign information will continue to be applied before making any specific investment decision from the agreed portfolio of counterparties.

6.12 The time and monetary limits for institutions on the Council's Counterparty List are as follows (these will cover both Specified and Non-Specified Investments):

	Fitch	Moody's	Standard & Poor's	Money Limit	Time Limit
Upper Limit Category	F1+/AA-	P-1/Aa3	A-1+/AA-	£20m	5 years
Middle Limit Category	F1/A-	P-1/A3	A-1/A-	£10m	364 days
Lower Limit Category *	All Building Soc's ranked 1 to 10			£5m	6 mths
	All Building Soc's ranked 11 to 20			£1m	3 mths
Debt Management Office	-	-	-	Unlimited **	6 months
Money Market Funds	-	-	-	£20m	n/a
UK LA's	-	-	-	£20m	5 years
Council's Bankers	-	-	-	£20m***	364 days
<p>The above money limits are exclusive of bank balances held by schools</p> <p>* Based on maximum of 20% of the investment portfolio</p> <p>** Provides maximum flexibility</p> <p>*** There may be occasions where the Council has to exceed this limit, where government issues out significant grant funding, such as Covid Business Grants and the Council is unable to invest those resources within the options available on the day. This risk is mitigated by daily review of the cashflow forecast, however, the volume of government funding issued during the pandemic has been significant.</p>					

The proposed criteria for specified and non-specified investments are shown in Appendix C for approval.

Investment Strategy

6.13 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. However, with Bank Rate having appeared to have peaked and with further cuts expected higher rates of return have been available on shorter term investments. As a result, retaining an agile investment strategy would be appropriate to optimise returns.

6.14 Accordingly, while most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.

Investment returns expectations

6.15 The Council's Treasury advisor's current forecast investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows: -

Average earnings in each year	Average Interest Rate
2025/26 (residual)	3.80%
2026/27	3.40%
2027/28	3.30%
2028/29	3.30%
2029/30	3.50%
Years 6 to 10	3.50%
Years 10+	3.50%

6.16 As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

6.17 For its cash flow generated balances, the Council will seek to utilise its Money Market Funds and short-dated deposits, in order to benefit from the compounding of interest.

6.18 Investment treasury indicator and limit is the total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

6.19 The Council is asked to approve the following treasury indicator and limit: -

Upper limit for principal sums invested for longer than 365 days			
£m	2026/27	2027/28	2028/29
Principal sums invested for longer than 365 days	£10m	£10m	£10m

Investment Performance / Risk Benchmarking

6.20 These benchmarks are already intrinsic to the approved treasury strategy through the counterparty selection criteria and some of the prudential indicators, e.g. the maximum funds which may be invested for more than 364 days, the limit on the use of non-specified investments, etc.

6.21 Security – Security is currently evidenced by the application of minimum criteria to investment counterparties, primarily through the use of credit ratings supplied by the three main credit rating agencies. Whilst this approach embodies security considerations, benchmarking the levels of risk is more subjective and therefore problematic.

6.22 One method to benchmark security risk is to assess the historic level of default against the minimum criteria used in the Council’s investment strategy. The default rates are little changed from last year.

Credit Rating	1 year	2 years	3 years	4 years	5 years
AAA	0.04%	0.09%	0.16%	0.24%	0.33%
AA	0.02%	0.04%	0.09%	0.15%	0.21%
A	0.05%	0.13%	0.23%	0.34%	0.47%
BBB	0.14%	0.36%	0.62%	0.92%	1.22%

6.23 The Council’s minimum long term rating criteria (over one year) is “AAA” meaning the average expectation of default for a three year investment in a counterparty with a “AAA” long term rating would be 0.16% of the total investment (e.g. for a £1m investment the average potential loss would be £1,600).

6.24 The Council’s minimum long term rating criteria (up to one year) is “BBB” and the average expectation of default for such an investment would be 0.14% (e.g. for a £1m investment the average loss would be £1,400).

6.25 These are only averages but do act as a benchmark for risk across the investment portfolio.

6.26 The Council’s average security risk benchmark for the estimated maximum portfolio during 2025/26 is 0.063% which means that for every £1m invested the average potential loss would be £630. This position remains unchanged from 2024/25 (benchmark was 0.063% or £630).

Policy on Environmental, Social and Governance (ESG) considerations

6.27 This Council is supportive of the Principles for Responsible Investment (www.unpri.org) and will seek to bring ESG (environmental, social and governance) factors into the decision-making process for investments. Within this, the Council is also appreciative of the statement on ESG in Credit Risk and Ratings which commits signatories to incorporating ESG into credit ratings and analysis in a systemic and transparent way. The Council uses ratings from Fitch, Moody’s and Standard & Poor’s to support its assessment of suitable counterparties. Each of these rating agencies is a signatory to the ESG in credit risk and ratings statement.

6.28 For short term investments with counterparties, this Council utilises the ratings provided by Fitch, Moody's and Standard & Poor's to assess creditworthiness, which do include analysis of ESG factors when assigning ratings. The Council will continue to evaluate additional ESG-related metrics and assessment processes that it could incorporate into its investment process and will update accordingly.

Liquidity

6.29 This is defined as "having adequate, though not excessive cash resources, borrowing arrangements, overdrafts or standby facilities to enable the Council at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives" (CIPFA Treasury Management Code of Practice). The Council seeks to maintain:

- Liquid, short term deposits of at least £6m available with a week's notice.

6.30 The availability of liquidity and the inherent risks arising from the investment periods within the portfolio is monitored using the Weighted Average Life (WAL) of the portfolio. This measures the time period over which half the investment portfolio would have matured and become liquid.

6.31 A shorter WAL generally represents less risk and in this respect the benchmark to be used for 2025/26 is:

- 0.25 years which means that at any point in time half the investment portfolio would be available within 90 days.

Yield

6.32 These benchmarks are currently widely used to assess investment performance and the Council's local measure of yield is:

- Internal returns above the Sterling Overnight Index Average (SONIA) which has replaced the London Interbank Bid rate (LIBID).

End of Year Investment Report

6.33 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

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Committee Name and Date of Committee Meeting

Audit Committee – 17 March 2026

Report Title

Internal Audit Charter, Internal Audit Quality Assurance and Improvement Programme (QAIP) and External Assessment against the Global Internal Audit Standards (UK Public Sector).

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

No

Executive Director Approving Submission of the Report

Judith Badger, Executive Director of Corporate Services

Report Author(s)

Louise Ivens, Head of Internal Audit

Tel: 01709 823282 Email: louise.iven@rotherham.gov.uk

Ward(s) Affected

Borough-Wide

Report Summary

Internal Audit is a major source of assurance to the Council on the framework of control, risk management and governance. All Internal Audit functions in Local Government must comply with GIAS (UK Public Sector) from 1 April 2025.

The standards include the need for a Quality Assurance and Improvement Programme (QAIP) to provide continual improvement, based on ongoing quality assurance and an annual self-assessment, with an external assessment at least every five years.

An external assessment was undertaken during November and December 2025 which showed general conformance with those standards. This is the highest classification that CIPFA award (generally conform, partially conform or does not conform). An action plan has been developed to address the findings from the report. Self-assessments against the standards are undertaken on an annual basis. The action plan from the previous self-assessment has been updated. These two documents will be merged following this meeting to aid tracking of action implementation. The QAIP itself has been updated to reflect that the external assessment has now taken place.

The Internal Audit Charter is in effect the Terms of Reference of the Internal Audit service. The Charter must be reviewed periodically and presented to the Audit

Committee for approval. The Charter has been updated following the external assessment findings.

Recommendations

That the Audit Committee is asked to:

1. Note the production and ongoing implementation of the QAIP and the action plan based on the internal self-assessment reported to this committee (Appendices A, B and C)
2. Review the external assessment report (Appendix D) and approve the resultant action plan at Appendix E
3. Approve the Internal Audit Charter as attached in Appendix F.

List of Appendices Included

- Appendix A – Quality Assurance and Improvement Plan (QAIP) clean version
- Appendix B – Quality Assurance and Improvement Plan (QAIP) tracked changes version.
- Appendix C – Self-assessment Action Plan 2026/27
- Appendix D – CIPFA External Assessment report
- Appendix E - External assessment Action plan
- Appendix F - Internal Audit Charter clean version
- Appendix G - Internal Audit Charter tracked changes version

Background Papers

- Accounts and Audit (England) Regulations 2015
- Global Internal Audit Standards
- Application Note – Global Internal Audit Standards in the UK Public Sector
- CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Internal Audit Charter, Internal Audit Quality Assurance and Improvement Programme (QAIP) and External Assessment against the Global Internal Audit Standards (UK Public Sector).

1. Background

- 1.1 Internal Audit is required to operate in accordance with the Global Internal Audit Standards (UK Public Sector) from 1 April 2025. The standards require the existence of a Quality Assurance and Improvement Programme (QAIP) and Charter.
- 1.2 The QAIP requires ongoing and periodic reviews of quality within Internal Audit. The periodic reviews normally comprise annual self-assessments, but external verification of that assessment must be obtained at least every five years. An external assessment was undertaken between November and December 2025. Prior to the external assessment a self-assessment had been completed using a checklist developed by the Chartered Institute of Public Finance and Accountancy.
- 1.3 As required by the standards, the full external assessment report and resultant action plan are reported to the Audit Committee.
- 1.4 The Internal Audit Charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. The Internal Audit Charter establishes the activity's position within the organisation, including the nature of the Head of Internal Audit's functional reporting relationship with the 'board'; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the Internal Audit Charter resides with the 'board'. The 'board' at Rotherham is the Audit Committee. The Charter has been updated following the results of the external assessment.

2. Key Issues

2.1 Quality Assurance and Improvement Programme (QAIP)

The QAIP is updated on an annual basis and this year it has been updated to reflect the external assessment against the GIAS (UK Public Sector). The clean version of the QAIP is attached at **Appendix A** and the tracked changes version at **Appendix B**. A self-assessment against the standards was undertaken prior to the external assessment. The action plan as a result of this assessment including previous ongoing actions is included at **Appendix C**.

2.2 External Assessment against the Standards

Internal Audit have recently had an external assessment against the Global Internal Audit Standards (UK Public Sector). In accordance with the Standards, the full report and action plan must be shared with senior management and the Audit Committee, and the Audit Committee must review and approve the action plan. The full report is included at **Appendix D** and the Action Plan at **Appendix E**.

2.3 In total RMBC conformed to 49 out of 52 of the Standards and 8 out of the 9 Provisions of the Code. The results of the assessment were that:-

It is our conclusion that Rotherham Metropolitan Borough Council's internal audit function Generally Conforms to the requirements of the Global Internal Audit Standards in the UK Public Sector.

2.4 This is the highest classification that CIPFA award and the definition is below.

Level of Conformity	Description	Commentary
Generally conforms	<p>Across all Domains, the internal audit function conforms with the standards with only minor deviations.</p> <p>The relevant structures, policies and procedures of the internal audit service, as well as the processes by which they are applied, meet the requirements of the individual standards.</p> <p>Overall, there is general conformance to the Global Internal Audit Standards in the UK Public Sector.</p>	<p>An internal audit function that generally conforms to the Global Internal Audit Standards in the UK Public Sector provides a high level of assurance to senior management and the audit committee of a highly professional service. Quality and professionalism are firmly embedded within the function.</p> <p>This conclusion evidences that internal audit is effective for the authority's annual governance statement. (Applicable for local government bodies only.)</p>

2.5 The CIPFA report includes the following summary:-

“The findings reflect a strong governance partnership between internal audit, the audit committee, and senior management, noting that clients and stakeholders highly value internal audit. Interviewees praised the function’s professionalism, transparent and objective delivery, and the strong working relationships established within the authority. This positive endorsement confirms that the governance oversight mechanisms and senior management support are largely effective in ensuring internal audit remains an influential resource. This has been achieved with a relatively small internal audit team and constrained resources.

The internal audit function and HIA have been committed to achieving full conformance with the Global Internal Audit Standards in the UK Public

Sector and considering the recent introduction of GIAS have done a strong job of integrating the standards clearly into their processes and methodologies; including building into the internal audit manual and audit planning, fieldwork, completion and review processes. Training has been provided to staff, with further GIAS training scheduled for 2025-26. Audit methodologies align with the standards. The Audit Charter and Audit Mandate reflect GIAS principles, and audit reports utilise appropriate GIAS terminology.

2.6 Four areas were assessed as Partially Conforming. Two for the same reason being a Standard under GIAS and a Provision under the Code. This highlights opportunities for strengthening the governance framework and specific procedures:

1. Domain II, Principle 5 (Maintain Confidentiality): Concerns exist due to the lack of a formal Service Level Agreement (SLA) between the authority and the outsourced IT audit provider, creating uncertainty regarding third-party risk management and data protection.
2. Domain III, Principle 7 and the Code 2.1 (Positioned Independently): The head of internal audit's (HIA) responsibilities as a whistleblowing officer and with responsibilities for anti-fraud and corruption arrangements carry a risk of impairing independence, requiring review and the implementation of clear, robust safeguards agreed upon by those charged with governance.
3. Domain V, Principle 13 (Communicating Effectively), Standard 13.4 (Evaluation Criteria). We found that the Principle still generally conformed but for the specific standard that VFM consideration were insufficiently documented in the evaluation criteria”.

2.7 The External Assessment Action Plan will continue to be implemented during 2026/27 and this will be merged with the current Self-Assessment Action Plan in time for the next Audit Committee.

2.8 **Internal Audit Charter**

The Charter reflects the requirements of the Global Internal Audit Standards (UK Public Sector) and has been updated to reflect the results of the external assessment. The clean version is attached at **Appendix F** and the tracked changes version at **Appendix G**.

The Charter outlines the regulatory requirements for Internal Audit and details:-

- The Purpose of Internal Auditing, and the Principles and Standards relating to Ethics and Professionalism.
- The Independence, Role, Scope of Work, Responsibilities, Reporting arrangements, Relationships, Resources and Performance Reporting of Internal Audit.

- The role of Internal Audit in reducing and investigating fraud, and in consulting services.

The Charter must be discussed with the Audit Committee to confirm that it accurately reflects their understanding and expectations of the Internal Audit function.

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. There is no discretion on whether to comply with the Global Internal Audit Standards (UK Public Sector). The purpose of the report is to inform the Audit Committee of the QAIP and the relevant actions to develop and improve the Internal Audit Service alongside the Internal Audit Charter which is essentially the terms of reference for Internal Audit.

4. Consultation on proposal

- 4.1 None.

5. Timetable and Accountability for Implementing this Decision

- 5.1 The Audit Committee is asked to receive this report at its 17th March 2026 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 the report.

9. Implications for Children and Young People and Vulnerable Adults

9.1 There are no direct implications for Children and Young People or vulnerable adults.

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 The following risk has been identified.

Risk	Impact	Likelihood	Mitigation
Failure to meet the requirements of the standards set down in the Global Internal Audit Standards (UK Public Sector).	Low	Low	External and internal assessments show general conformance with GIAS UK Public Sector. External assessment undertaken during the 2025/26 year. Action plans are in place which will address the areas identified for improvement.

Accountable Officer(s)

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

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Rotherham Metropolitan Borough Council

Internal Audit Quality Assurance and Improvement Plan 2026/27

1. Introduction and Background

1.1 Auditors working in the UK public sector must follow the requirements of the Global Internal Audit Standards subject to the interpretations and additional requirements set out in the Application Note (Global Internal Audit Standards in the UK Public Sector) and the Code of Practice for the Governance of Internal Audit in UK Local Government.

1.2 The Standards require the Head of Internal Audit (HoA) to develop a Quality Assurance and Improvement Programme (QAIP), that covers all aspects of the internal audit function. The programme includes both internal and external assessments.

At least annually the HoA must communicate the results of the internal quality assessment to the Audit Committee and senior management. The results of the external quality assessments must be reported when completed. In both cases such communications include:

- The internal audit function's conformance with the Standards and achievement of performance objectives
- If applicable, compliance with laws and/or regulations relevant to internal auditing
- If applicable, plans to address the internal audit function's deficiencies and opportunities for improvement

1.3 Internal assessments must include:

- Ongoing monitoring of the internal audit function's conformance with the Standards and progress toward performance objectives. This is an integral part of the day-to-day supervision, review and measurement of internal audit. Ongoing monitoring is incorporated into the routine policies and practices used to manage internal audit and uses processes, tools and information considered necessary to evaluate conformance with the Standards; and
- Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices, to evaluate conformance with the Standards.
- Communication with the Audit Committee and senior management about the results of internal assessments.

1.4 The HoA must develop a plan for an external quality assessment and discuss the plan with the Audit Committee. The external assessments must be completed at least once every five years by a qualified, independent assessor or assessment team. The requirement for an external quality assessment may also be met through a self-assessment with independent validation.

1.5 Within RMBC the HoA is responsible for the QAIP, which covers all types of Internal audit activities. Under the QAIP, quality should be assessed at both an

individual audit assignment level as well as at a broader level covering the entire internal audit service.

- 1.6 All staff within internal audit have responsibility for maintaining quality. The activities outlined in this QAIP involve all staff.
- 1.7 Internal audit's QAIP is designed to provide reasonable assurance to the various stakeholders of RMBC that it:
 - Performs its work in accordance with its Charter, which is consistent with the Standards
 - Operates in an efficient and effective manner
 - Is adding value and continually improving its operations

2. External Assessment

- 2.1 At least once every five years, internal audit working practices are subject to external assessment to ensure the continued application of professional standards. This process appraises and expresses an opinion about conformance with the Standards and includes recommendations for improvement, as appropriate. The assessment is conducted by an independent and suitably qualified person or organisation and the results are reported to the HoA.
- 2.2 Results of external assessments are reported to senior management and the Audit Committee at the earliest opportunity following receipt of the report. The report must be accompanied by an action plan in response to significant findings and recommendations contained in the report. Any specific areas identified as requiring further development and/or improvement must be included in an action plan. The action plan should include actions to be taken and a timeline for completion.
- 2.3 At the end of 2025 an external assessment of the Internal Audit Service was completed by the Chartered Institute of Public Finance and Accountancy (CIPFA). The results showed General Conformance with Global Internal Audit Standards (UK Public Sector) and were reported to the Audit Committee in March 2026. Five recommendations and ten suggested actions for consideration were made to further develop the service. These actions, plus those carried forward from the previous year, became the QAIP Action Plan for 2026-27.

3. Internal Assessment

Internal assessment is made up of both ongoing and periodic reviews.

3.1 Ongoing quality assurance arrangements

3.1.1 RMBC Internal Audit maintains appropriate ongoing quality assurance arrangements designed to ensure that internal audit work is undertaken in accordance with the Standards. They include:

3.1.2 At assignment level

- The maintenance of a detailed audit procedures manual and quality management system to ensure compliance with applicable planning, fieldwork and reporting standards
- The objectives, scope and expected timescales for each audit assignment are subject to agreement with the client before detailed work commences
- The results of all audit testing are documented using standard working papers
- Documented reviews of files and working papers by a Principal Auditor to ensure that:
 - All work undertaken complies with the requirements of professional best practice and appropriate audit techniques have been used;
 - Audit files are complete and properly structured;
 - The objectives of the audit have been achieved;
 - Appropriate levels of testing have been carried out;
 - The findings and conclusions are sound and are demonstrably supported by relevant, reliable and sufficient audit evidence;
 - The audit report is complete, accurate, objective, clear, concise, constructive and timely
- Supervision of audit assignments
- Regular monitoring of progress of audit assignments
- Terms of Reference/Audit Briefs are reviewed and approved by the Head of Internal Audit
- Draft reports and recommendations are reviewed and approved by the Head of Internal Audit.
- Post Audit Questionnaires are issued with each final report to obtain feedback on the performance of the auditor and on how the audit was received.

3.1.3 At Internal Audit Service level

- The Internal Audit annual plan is produced using a risk-based approach
- The audit procedures manual provides a detailed description of the work of the service and the way in which the work should be carried out. This is a point of reference for staff and guides them through the relevant procedures followed within the service
- The Internal Audit Charter provides stakeholders with a formally defined purpose, authority and responsibility for Internal Audit

- Continuous development of the internal audit team to ensure it possesses the necessary capacity, skills and knowledge to successfully deliver the annual audit plan including:
 - Job descriptions for each post
 - Annual and mid-year performance appraisals, to include assessment against audit competencies
 - Individual development plans based on the results of the appraisals
 - Training plans and qualifications for individuals within the team
- Performance against agreed quality targets reported to the Audit Committee at each meeting

3.1.4 Integrated Audit Software

The service uses Pentana integrated audit software supplied by Ideagen. This enhances and enforces quality assurance at assignment level.

3.1.5 Reporting to the Audit Committee

Internal audit provides the Audit Committee with a quarterly progress report summarising the audit activity undertaken since the previous meeting. This includes the following:

- Progress against the annual plan
- A list of reports issued during the period including details of the assurance opinion provided and an outline of the major findings
- Details of investigations completed
- Audit recommendation tracking
- Performance Indicators for the service
- An update on the QAIP Action Plan

3.2 Periodic Reviews

3.2.1 Periodic reviews are completed by an annual self-assessment of conformance with the Standards completed by the HoA.

3.2.2 The results of the self-assessment are used to identify any areas requiring development or improvement. Any specific changes or improvements are included in the Action Plan and progress against this is reported within each quarterly progress report to the Audit Committee.

3.2.3 Results are also used to evaluate overall conformance with the Standards, the results of which are reported to senior management and the Audit Committee.

3.2.4 A self-assessment against the Global Internal Audit Standards (UK Public Sector) has been undertaken and the areas identified where action needs to be taken have been included in the action plan.

3.2.5 The actions will be progressed throughout the year and the results reported in the quarterly progress reports to the Audit Committee.

3.3 Annual assessment of the effectiveness and efficiency of the Internal Audit Service

3.3.1 The Standards require that an annual assessment is undertaken of the Internal Audit Service by the Audit Committee. Senior management should participate in this and this should include:-

- Reviewing the internal audit function's performance objectives, including its conformance with the Standards, laws and regulations, ability to meet the internal audit mandate and progress towards completion of the audit plan
- Considering the results of the internal audit function's quality assurance and improvement programme
- Determining the extent to which the internal audit function's performance objectives are being met.

3.3.2 The information to support this assessment is provided to the June Audit Committee within the Annual Report and Appendices.



Rotherham Metropolitan Borough Council

Internal Audit Quality Assurance and Improvement Plan 20256-267

1. Introduction and Background

1.1 Auditors working in the UK public sector must follow the requirements of the Global Internal Audit Standards subject to the interpretations and additional requirements set out in the Application Note (Global Internal Audit Standards in the UK Public Sector) and the Code of Practice for the Governance of Internal Audit in UK Local Government.

1.2 The Standards require the Head of Internal Audit (HoA) to develop a Quality Assurance and Improvement Programme (QAIP), that covers all aspects of the internal audit function. The programme includes both internal and external assessments.

At least annually the HoA must communicate the results of the internal quality assessment to the Audit Committee and senior management. The results of the external quality assessments must be reported when completed. In both cases such communications include:

- The internal audit function's conformance with the Standards and achievement of performance objectives
- If applicable, compliance with laws and/or regulations relevant to internal auditing
- If applicable, plans to address the internal audit function's deficiencies and opportunities for improvement

1.3 Internal assessments must include:

- Ongoing monitoring of the internal audit function's conformance with the Standards and progress toward performance objectives. This is an integral part of the day-to-day supervision, review and measurement of internal audit. Ongoing monitoring is incorporated into the routine policies and practices used to manage internal audit and uses processes, tools and information considered necessary to evaluate conformance with the Standards; and
- Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices, to evaluate conformance with the Standards.
- Communication with the Audit Committee and senior management about the results of internal assessments.

1.4 The HoA must develop a plan for an external quality assessment and discuss the plan with the Audit Committee. The external assessments must be completed at least once every five years by a qualified, independent assessor or assessment team. The requirement for an external quality assessment may also be met through a self-assessment with independent validation.

1.5 Within RMBC the HoA is responsible for the QAIP, which covers all types of Internal Audit activities. Under the QAIP, quality should be assessed at both an

individual audit assignment level as well as at a broader level covering the entire internal audit service.

- 1.6 All staff within Internal Audit have responsibility for maintaining quality. The activities outlined in this QAIP involve all staff.
- 1.7 Internal Audit's QAIP is designed to provide reasonable assurance to the various stakeholders of RMBC that it:
 - Performs its work in accordance with its Charter, which is consistent with the Standards
 - Operates in an efficient and effective manner
 - Is adding value and continually improving its operations

2. External Assessment

- 2.1 At least once every five years, internal audit working practices are subject to external assessment to ensure the continued application of professional standards. This process appraises and expresses an opinion about conformance with the Standards and includes recommendations for improvement, as appropriate. The assessment is conducted by an independent and suitably qualified person or organisation and the results are reported to the HoA.
- 2.2 Results of external assessments are reported to senior management and the Audit Committee at the earliest opportunity following receipt of the report. The report must be accompanied by an action plan in response to significant findings and recommendations contained in the report. Any specific areas identified as requiring further development and/or improvement must be included in an action plan. The action plan should include actions to be taken and a timeline for completion.
- 2.3 At the end of 2025~~0~~ an external assessment of Internal Audit was completed by the ~~Head of Internal Audit of Calderdale Council~~ Chartered Institute of Public Finance and Accountancy (CIPFA). The results showed General Conformance with ~~Public Sector Global~~ Internal Audit Standards (UK Public Sector) and were reported to the Audit Committee in ~~January-March 2024~~. Eleven-Five recommendations and ten suggested actions for consideration were made to further develop the service. These actions, plus ~~those four~~ carried forward from the previous year, became the QAIP Action Plan for 2024~~6-27~~.

3. Internal Assessment

Internal Assessment is made up of both ongoing and periodic reviews.

3.1 Ongoing quality assurance arrangements

3.1.1 RMBC Internal Audit maintains appropriate ongoing quality assurance arrangements designed to ensure that internal audit work is undertaken in accordance with the Standards. They include:

3.1.2 At assignment level

- The maintenance of a detailed audit procedures manual and quality management system to ensure compliance with applicable planning, fieldwork and reporting standards
- The objectives, scope and expected timescales for each audit assignment are subject to agreement with the client before detailed work commences
- The results of all audit testing are documented using standard working papers
- Documented reviews of files and working papers by a Principal Auditor to ensure that:
 - All work undertaken complies with the requirements of professional best practice and appropriate audit techniques have been used;
 - Audit files are complete and properly structured;
 - The objectives of the audit have been achieved;
 - Appropriate levels of testing have been carried out;
 - The findings and conclusions are sound and are demonstrably supported by relevant, reliable and sufficient audit evidence;
 - The audit report is complete, accurate, objective, clear, concise, constructive and timely
- Supervision of audit assignments
- Regular monitoring of progress of audit assignments
- Terms of Reference/Audit Briefs are reviewed and approved by the Head of Internal Audit
- Draft reports and recommendations are reviewed and approved by the Head of Internal Audit.
- Post Audit Questionnaires are issued with each final report to obtain feedback on the performance of the auditor and on how the audit was received.

3.1.3 At Internal Audit Service level

- The Internal Audit annual plan is produced using a risk-based approach
- The audit procedures manual provides a detailed description of the work of the service and the way in which the work should be carried out. This is a point of reference for staff and guides them through the relevant procedures followed within the service

- The Internal Audit Charter provides stakeholders with a formally defined purpose, authority and responsibility for Internal Audit
- Continuous development of the internal audit team to ensure it possesses the necessary capacity, skills and knowledge to successfully deliver the annual audit plan including:
 - Job descriptions for each post
 - Annual and mid-year performance appraisals, to include assessment against audit competencies
 - Individual development plans based on the results of the appraisals
 - Training plans and qualifications for individuals within the team
- Performance against agreed quality targets reported to the Audit Committee at each meeting

3.1.4 Integrated Audit Software

The service uses Pentana integrated audit software supplied by Ideagen. This enhances and enforces quality assurance at assignment level.

3.1.5 Reporting to the Audit Committee

Internal Audit provides the Audit Committee with a quarterly progress report summarising the audit activity undertaken since the previous meeting. This includes the following:

- Progress against the annual plan
- A list of reports issued during the period including details of the assurance opinion provided and an outline of the major findings
- Details of investigations completed
- ~~Outstanding a~~Audit recommendations tracking
- Performance Indicators for the service
- An update on the QAIP Action Plan

3.2 Periodic Reviews

3.2.1 Periodic reviews are completed by an annual self-assessment of conformance with the Standards completed by the HoA.

3.2.2 The results of the self-assessment are used to identify any areas requiring development or improvement. Any specific changes or improvements are included in the Action Plan and progress against this is reported within each quarterly progress report to the Audit Committee.

3.2.3 Results are also used to evaluate overall conformance with the Standards, the results of which are reported to senior management and the Audit Committee.

3.2.4 ~~Another self-assessment has now taken place which included an evaluation of progress against the previous actions. The results are shown in the Action Plan. Where an action has been identified against a~~

~~standard the whole of that standard and the current actions are shown to give context, even if the new suggested action only relates to part of the standard.~~ An initial self-assessment against the Global Internal Audit Standards (UK ~~P~~public ~~S~~ector) has been undertaken and the areas identified where action needs to be taken have been included in the action plan.

3.2.5 The actions will be progressed throughout the year and the results reported in the quarterly progress reports to the Audit Committee.

3.3 **Annual assessment of the effectiveness and efficiency of the Internal Audit Service**

3.3.1 The Standards require that an annual assessment is undertaken of the Internal Audit Service by the Audit Committee. Senior management should participate in this and this should include:-

- Reviewing the internal audit function's performance objectives, including its conformance with the Standards, laws and regulations, ability to meet the internal audit mandate and progress towards completion of the audit plan
- Considering the results of the internal audit function's quality assurance and improvement programme
- Determining the extent to which the internal audit function's performance objectives are being met.

3.3.2 ~~The approach to undertaking this assessment will be developed during the year and an update provided to senior management and the Audit Committee.~~ The information to support this assessment is provided to the June Audit Committee within the Annual Report and Appendices.

Quality Assurance and Improvement Programme Action Plan		
Action	Position statement	Target completion date
<p><i>Action from the self-assessment against fraud checklist.</i></p> <p>Update the directorate and corporate wide fraud risk assessment and examine the results as part of the annual Internal Audit planning exercise.</p>	<p>The directorate and corporate fraud risks have been reviewed by Internal Audit.</p> <p>The Customer Services Directorate has been selected as the starting point for a broader fraud risk assessment. This approach will be further developed and reviewed at the Risk Champions meeting. Best practice from central government will be considered in the approach to fraud risk management and once the approach is agreed it will be rolled out to the remaining directorates.</p> <p>An enhanced report to the Audit Committee setting out the key fraud risk areas and mitigating actions will be developed.</p>	<p>September 2026.</p>
<p><i>Action from the self-assessment against fraud checklist</i></p> <p>The reporting of the fraud risks and mitigation will be strengthened over the year and a more comprehensive report will be brought to the Audit Committee.</p>	<p>This reporting of fraud risks and mitigations has been considered and an enhanced report will be brought to the Audit Committee once a robust Council wide fraud risk assessment has been undertaken.</p>	<p>September 2026.</p>

Global Internal Audit Standards (UK Public Sector) review of actions required		
Quality Assessment	<p>To undertake an assessment of conformance against GIAS (UK public sector) and update the Audit Committee.</p> <p>An initial self-assessment was completed. A further self-assessment has now been undertaken utilising material produced by CIPFA.</p> <p>Results of the External assessment will be reported to the Audit Committee following the issue of the report (March 2026).</p>	Complete
Quality Assessment Improvement Programme	<p>The results need to be reported annually including progress against action plans to address instances of non-conformance.</p> <p>This is already in place and the results of the external assessment will be included in the action plan. The outstanding actions on this action plan will be merged with the external assessment action plan.</p>	Complete
Audit Strategy 2025/28 actions scheduled for 2025/26		
Develop agile and data driven approaches to auditing		
Investigate and develop the use of Copilot and other tools to aid the planning, testing and reporting process.	Co pilot is now being used to identify emerging and current risks as part of the audit scoping process. In each audit data analytics is being considered and used where relevant. Co pilot has started to be used in the audit reporting process and this will continue to develop over the forthcoming period.	2025/26 and 2026/27.

Appendix C

<p>Ensure the use of data analytics has been considered during each audit review. Where relevant make use of available data sets to provide assurance over the whole population rather than the traditional use of sample testing.</p>	<p>This is being considered during all relevant audits for 2025-26. An audit completion checklist is now being utilised which includes a prompt around the use of data analytics. Data analysis is considered during the scoping stage of each audit. We are furthering our links with other audit services to share ideas and best practice. This will continue in 2026-27.</p>	<p>2025/26 through to 2026/27.</p>
<p>Enhance skills and knowledge through attendance on training and development events.</p>	<p>A specific training session on this area has been identified and attended. The learning has been shared with the rest of the team. A watching brief will be maintained to identify any further beneficial training.</p>	<p>2025/26 through to 2026/27.</p>
<p>Workforce planning and professional development</p>		
<p>Review the results of the audit team self-assessment against the audit skills matrix and My Year Ahead Development Plan, and identify areas for common learning and development. Include these in the Audit Service Training Plan.</p>	<p>The audit skills matrices, Year Ahead Development Plans (YADP) and mid year reviews were reviewed when completed and the results were fed into the training and development plan for 2025-26. The YADP reviews for 2025-26 have been analysed and additional training identified has been factored into the plan.</p>	<p>Complete</p>
<p>Ensure that we have up to date awareness of current training available for auditors on topical subject areas through auditor sub group attendance and active scanning of relevant websites.</p>	<p>Training in key areas for auditors is reviewed on an ongoing basis. Participation in local audit groups helps to identify any training undertaken by other audit services which would be of value. This is an area of constant development and will be kept under continual review to ensure we remain up to date with the latest audit developments.</p>	<p>2025/26 through to 2026/27.</p>

Appendix C

<p>Identify and provide opportunities for specialist training/knowledge for staff to minimise gaps, for example anti fraud/investigations, data analysis and AI.</p>		
<p>Review staff development plans and provide opportunities for staff seeking progression to learn from others in the team (eg peer reviews, investigations).</p>	<p>This is undertaken formally following the Year Ahead Development Plan process and mid year reviews. This is also discussed during weekly 1:1's and ongoing development of the team is kept under review when allocating audits during the year. An internal promotion has been secured by a member of the team, who is now gaining practical experience in this new role with assistance from peers.</p>	<p>2025/26 through to 2026/27.</p>
<p>Review the current career pathways for staff within the service and the potential for apprenticeships/qualification routes.</p>	<p>The development of a trainee auditor post is currently being considered through the relevant HR processes.</p>	<p>30 March 2026.</p>

External Quality Assessment of Conformance to the Global Internal Audit Standards in the UK Public Sector

Rotherham Metropolitan Borough Council

Internal Audit Function

Final Report

Lead Consultant: Sean Titley

Oversight, Review and Quality Assessment: Diana Melville

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1. Executive Summary

The comprehensive External Quality Assessment (EQA) of the Internal Audit function measured conformance against the Global Internal Audit Standards (GIAS), the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government (the Code), and the associated Application Note: Global Internal Audit Standards in the UK Public Sector.

The GIAS is structured around five Domains, which collectively contain 15 guiding Principles and 52 underlying Standards. The CIPFA Code of Practice for the Governance of Internal Audit provides the specific framework for meeting the essential governance conditions in UK local government, built upon three Principles and articulated through nine Provisions. The Application Note - Global Internal Audit Standards mandates further specific UK governance requirements.

This assessment confirms that the function is **Generally Conforming** overall to these Standards and Principles. This is the highest classification we award, for classification definitions see Section 14

The findings reflect a strong governance partnership between internal audit, the audit committee, and senior management, noting that clients and stakeholders highly value internal audit. Interviewees praised the function's professionalism, transparent and objective delivery, and the strong working relationships established within the authority. This positive endorsement confirms that the governance oversight mechanisms and senior management support are largely effective in ensuring internal audit remains an influential resource. This has been achieved with a relatively small internal audit team and constrained resources.

Four areas were assessed as Partially Conforming. Two for the same reason being a Standard under GIAS and a Provision under the Code. This highlights opportunities for strengthening the governance framework and specific procedures:

1. Domain II, Principle 5 (Maintain Confidentiality): Concerns exist due to the lack of a formal Service Level Agreement (SLA) between the authority and the outsourced IT audit provider, creating uncertainty regarding third-party risk management and data protection (see 6.5.2).
2. Domain III, Principle 7 and the Code 2.1 (Positioned Independently): The head of internal audit's (HIA) responsibilities as a whistleblowing officer and with responsibilities for anti-fraud and corruption arrangements carry a risk of impairing independence, requiring review and the implementation of clear, robust safeguards agreed upon by those charged with governance (see 7.2.1).
3. Domain V, Principle 13 (Communicating Effectively), Standard 13.4 (Evaluation Criteria). We found that the Principle still generally conformed but for the specific standard that VFM consideration were insufficiently documented in the evaluation criteria.

High, medium and low priority management actions and advisory points for consideration can be found at section 13 Issues for Management Action and Consideration.

In total RMBC conformed to 49 out of 52 of the Standards and 8 out of the 9 Provisions of the Code.

2. Introduction

- 2.1 Internal audit within the public sector in the United Kingdom is governed by Global Internal Audit Standards (GIAS) in the UK Public Sector, which have been applicable to the UK public sector since 1st April 2025. GIAS are modified by the Application Note GIAS in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government. All public sector internal audit services are required to measure how well they are conforming to the standards. This can be achieved through undertaking periodic self-assessments, and external quality assessments (EQA). However, the standards state that an external reviewer must undertake a full assessment or validate the internal audit's own self-assessment at least once in a five-year period.

3. Background

- 3.1 The internal audit function provides its services to Rotherham Metropolitan Borough Council (RMBC). The chief audit executive is the Council's Head of Internal Audit (HIA). Below the HIA post the internal audit service has two Principal Auditor posts, one post is 0.8 of a full time equivalent (FTE), the other 0.4FTE; five Senior Auditors, three FTE, one 0.73 FTE and another 0.6 FTE with a further FTE Auditor. The internal audit function team is very experienced with all holding professional accounting and audit qualifications; however the HIA is managing succession planning issues due to anticipated retirements. The internal audit function is in the process of recruiting due to a retirement and is looking to build resilience and in-house capacity. There is a known acute shortage of experienced and/or qualified internal auditors across the country and particularly in the North-West. The team is at a level where it delivers the annual internal audit plan, but capacity could be further built to meet its full potential. This is reflected in the RMBC Internal Audit Strategy 2025-28.

Technology audit continues to increase in importance. The internal audit function have no professionally qualified IT audit capacity. IT audit capacity is outsourced to Salford IT Services. One principal auditor (0.4 FTE) who is understood to be qualified by experience, provides the review and QA function for RMBC to take assurance from the work of the outsourced service. Qualified IT auditors are also difficult to recruit.

- 3.2 The HIA is an experienced internal audit professional who is CIPFA qualified and also a CIPFA accredited counter fraud specialist. The Principal Auditors are both AAT qualified, highly experienced internal audit professionals.
- 3.3 The internal audit function had its last external quality assessment (EQA) under Public Sector Internal Audit Standards (PSIAS) completed in November 2020 and reported to the board (Audit Committee) in March 2021. This EQA, begun in November 2025, is within the 5 year mandated period by GIAS in the UK Public Sector.
- 3.4 Rotherham Metropolitan Borough Council's Audit Committee meets six times a year. The Committee includes councillors and two independent members. Independent members are valued for bringing balance and skills.
- The audit committee completed their annual self-assessment of effectiveness review in 2025; they were assessed as fully complying with good practice against the CIPFA "Self-Assessment of Good Practice" checklist.
- 3.5 The internal audit function has an audit manual that provides the auditors with a guide to all aspects of performing an internal audit or a consultancy assignment. The service

uses standard templates for all terms of reference, engagement working papers, testing schedules, and audit reports. Supervision of the engagements takes place at every stage of the process and is recorded in working papers.

- 3.6 There is a quality assurance process in place that includes internal and external quality assessments of the Service, reviews of live engagements, final clearance of all completed reports and issuance of post audit satisfaction surveys is put in place by the HIA and carried out by internal audit function. These form the basis of the Quality Assurance and Improvement Programme (QAIP).
- 3.7 We also note the results of the survey at Appendix A. The responses of stakeholders were positive and show the work of internal audit is valued. We noted that questions asking about opinions of risk management were flagged with some “partially agree” and “don’t know” responses and as a result consider this is an area the HIA could seek to add more value

4. Full Assessment Process

- 4.1 This full assessment of the internal audit function comprised a combination of a review of the evidence provided by internal audit; a review of a sample of completed internal audits; a survey that was sent to and completed by a range of stakeholders; and interviews with key stakeholders, using MS Teams. The interviews focussed on determining the strengths and weaknesses of internal audit and assessed the Service against the five GIAS Domains: Purpose of Internal Auditing; Ethics and Professionalism; Governing the internal audit function; Managing the internal audit function and Performing internal audit services. It also assessed the Service against the GIAS UK Public Sector Application Note and CIPFA’s Code of Practice for the Governance of Internal Audit in UK Local Government
- 4.2 The internal audit function provided a comprehensive range of documents that they used as evidence to support their self-assessment, and these were available for examination prior to and during this validation review. These documents included the:
- self-assessment against the standards
 - quality assurance and improvement plan (QAIP)
 - evidence file to support the self-assessment
 - the audit charter
 - the annual reports and opinions
 - the audit plans and strategies
 - audit procedures manual
 - a range of documents and records relating to the team members
 - progress and other reports to the Audit Committee.

All the above documents were examined during this EQA.

- 4.3 The full assessment process was carried out during the three weeks commencing 17th November 2025. This involved a review of a sample of audit files and interviews with a sample of key stakeholders from Rotherham MBC. Overall, the feedback from the interviewees was very positive with clients valuing the professional, knowledgeable, transparent and objective way the internal audit service delivered their services and strong relationships the service has built.

- 4.4 The assessor reviewed a sample of completed audits to confirm his understanding of the audit process used, and to determine how Internal Audit has applied GIAS in the UK Public Sector in practice.

4. Conclusion

It is our conclusion that Rotherham Metropolitan Borough Council's internal audit function Generally Conforms to the requirements of the Global Internal Audit Standards in the UK Public Sector.

The table below shows the Internal Audit Function's level of conformance to the fifteen guiding Principles in the Global Internal Audit Standards assessed during this external quality assessment:

Domain / Principle Assessed (Consists of 15 Principles & 52 Standards)	Level of Conformance
Domain I: Purpose of Internal Auditing	Generally Conforms
Domain II: Ethics and Professionalism	Generally Conforms
Principle 1 Demonstrate Integrity	Generally Conforms
Principle 2 Maintain Objectivity	Generally Conforms
Principle 3 Demonstrate Competency	Generally Conforms
Principle 4 Exercise Due Professional Care	Generally Conforms
Principle 5 Maintain Confidentiality	Partially Conforms
Domain III: Governing the Internal Audit function	Generally Conforms
Principle 6 Authorised by the Board	Generally Conforms
Principle 7 Positioned Independently	Partially Conforms
Principle 8 Overseen by the Board	Generally Conforms
Domain IV: Managing the Internal Audit function	Generally Conforms
Principle 9 Plan Strategically	Generally Conforms
Principle 10 Manage Resources	Generally Conforms
Principle 11 Communicates Effectively	Generally Conforms
Principle 12 Enhance Quality	Generally Conforms

Domain / Principle Assessed (Consists of 15 Principles & 52 Standards)	Level of Conformance
Domain V: Performing Internal Audit services	Generally Conforms
Principle 13 Plan Engagements Effectively	Generally Conforms
Principle 14 Conduct Engagement Work	Generally Conforms
Principle 15 Communicate Engagement Results and Monitor Action Plans	Generally Conforms

The table below shows the internal audit function's level of conformance to CIPFA's Code of Practice on the Governance of Internal Audit which meets the objectives of the essential conditions in Domain III of the GIAS in the public sector:

Principle / Provision Assessed (consists of 3 Principles and 9 Provisions)	Level of Conformance
Principle I: Providing Authority for Internal Audit	Generally Conforms
Provision 1.1 Internal Audit's Mandate	Generally Conforms
Provision 1.2 Internal Audit's Charter	Generally Conforms
Provision 1.3 Support for Internal Audit	Generally Conforms
Principle 2: Positioning Internal Audit Independently	Generally Conforms
Provision 2.1 Organisational Independence	Partially Conforms
Provision 2.2 Qualifications of the CAE	Generally Conforms
Principle 3: Oversight of Internal Audit	Generally Conforms
Provision 3.1 Audit Committee Interaction	Generally Conforms
Provision 3.2 Resources	Generally Conforms
Provision 3.3 Quality	Generally Conforms
Provision 3.4 External Quality Assessment	Generally Conforms

The table below shows the Internal Audit Function's level of conformance to UK Application Note – Global Internal Audit Standards in the UK Public Sector

Overall Conclusion	Generally Conforms
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5. Domain I – Purpose of Internal Auditing

The purpose statement is intended to assist internal auditors and internal audit stakeholders in understanding and articulating the value of internal auditing.

Internal auditing must independently provide assurance, advice, insight, and foresight to the board and management to strengthen the organisation's ability to create, protect, and sustain value.

Domain 1 conclusions build on findings from work assessing quality assurance across the Standards. We reviewed against the requirements of the Domains, the Code and the Application Note and found that there were no significant omissions against GIAS in the UK public sector.

Our EQA survey (Section 12), combined with the interviews with those charged with governance at RMBC, internal audits own post audit feedback returns and our fieldwork contribute to evidence that the internal audit function enhances the organisation's achievement of its objectives, governance, risk management, and control processes, decision-making and oversight and maintains reputation and credibility with its stakeholders, and ability to serve the public interest.

We also found that the work is performed by qualified, experienced, objective and competent professionals and is independently positioned with direct accountability to the board.

On this basis we concluded that the internal audit function generally conforms to this Domain.

6 Domain II – Ethics and Professionalism

(This domain contains five Principles and thirteen Standards)

6.1 Principle 1 – Demonstrate Integrity

Internal auditors must demonstrate integrity in their work and behaviour.

Overall, we concluded that the function Generally Conforms to Principle 1. Details for each standard are shown below.

Standard 1.1	Generally Conforms
Standard 1.2	Generally Conforms
Standard 1.3	Generally Conforms

Standard 1.1 – Honesty and Professional Courage

The internal audit function meets the standard of honesty and professional courage by the HIA and those charged with governance (e.g. the s151 officer) fostering and maintaining a principled culture amongst an already professional and experienced audit team. This is evidenced by mandatory ethical declarations, dedicated training on the main standards covering ethics and professionalism (Domain 2 of GIAS) and robust internal review processes. The internal audit team further shows professional courage by issuing challenging audit reports with “partial” and 'no assurance' opinions.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 1.2 – Organisation’s Ethical Expectations & Application Note 9A – Ethics and Standards in Public Life

Rotherham’s internal audit function actively meets and promotes the organisation's ethical expectations, fulfilling the requirement for a strong ethical culture. This is established by adherence to ethical declarations, Registers of Interest, the Staff Code of Conduct, and Financial Procurement Procedure Rules (FPPRs). The commitment extends to the Audit Charter, which mandates adherence to the Nolan Principles, ensuring internal auditors understand and apply core public life values. Furthermore, the Head of Internal Audit (HIA) reinforces this culture through governance procedures, actively considering ethics and ethics audits during planning, and conducting investigation reports, thereby enabling the reporting of conduct inconsistent with these expectations.

We reviewed against the requirements of this Standard and the Application Note and based on the evidence, concluded that the internal audit function generally conforms.

We found that additional annual refresher training in a number of ethical areas would be constructive. We have therefore raised the following advisory point for management:

Advisory Point 1

Implement mandatory annual refresher training encompassing Domain II ethics, Nolan's "The Seven Principles of Public Life", Freedom of Information legislation, annual Code of Conduct affirmation, and financial procurement rules.

Standard 1.3 – Legal and Ethical Behaviour

Rotherham's internal audit function upholds legal and ethical behaviour by ensuring the internal audit team abide by relevant laws and regulations. This compliance is documented through completed Ethics Declarations and ensuring the team are aware of the Code of Conduct and Financial Procurement Rules. The process ensures continuous adherence as regularity checks are explicitly incorporated into the audit process and the audit completion checklists. Should any legal or regulatory violations be identified, our quality assurance work confirms that incidents are formally reported within audit reports, such as investigation reports and are escalated to the individuals with the authority to take appropriate action.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

6.2 Principle 2 – Maintain Objectivity

Internal auditors maintain an impartial and unbiased attitude when performing internal audit services and making decisions.

Overall, we concluded that the function Generally Conforms to Principle 2. Details for each standard are shown below.

Standard 2.1	Generally Conforms
Standard 2.2	Generally Conforms
Standard 2.3	Generally Conforms

Standard 2.1 – Individual Objectivity

Individual objectivity is supported by mandatory ethics training for all internal audit team members, the completion of a Declaration of Interests form by each team member and holding of formal professional qualifications whose continuing professional requirements (CPD) normally include an ethics component which will cover objectivity and trainee programmes for those not qualified. This is augmented by informal on-the-job training and internal review processes.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 2.2 – Safeguarding Objectivity

The internal audit function safeguards objectivity through mandatory ethics training (covering Domain II of GIAS – Ethics and Professionalism), annual ethics and independence

declarations, and adherence to the Council’s Code of Conduct (including rules on gifts and hospitality) which is also referenced in the internal audit manual. Safeguards include the fact that there are no instances of assurance services being provided following performance of advisory services. Additionally, the Head of Internal Audit’s (HIA) whistleblowing role has a specific safeguard. Whistleblowing cases are discussed with the whistleblowing Officers who include the HIA, the Head of Legal, the HR Service Director and the Executive Director of Corporate Services (s151). The Head of Legal reports the whistleblowing cases to the Standards and Ethics Committee and the whistleblowing cases are also reported to the Statutory Officers Group on a quarterly basis. (This is considered further at 7.2.1). Objectivity checks are reinforced through regular team meetings and the requirements of the audit planning and completion checklist. We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 2.3 – Disclosing Impairments to Objectivity

The requirement for disclosing impairments to objectivity is formalised in the Audit Charter (sections 4.2 and 8.5). No specific examples of impairments were found during the review (including asking the question of the HIA and internal audit team), the established procedure dictates that impairments would be captured and reported. This is underpinned by the principled culture and review processes.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

6.3 Principle 3 – Demonstrate Competency

Internal auditors apply the knowledge, skills, and abilities to fulfil their roles and responsibilities successfully

Overall, we concluded that the function Generally Conforms to Principle 3. Details for each standard are shown below.

Standard 3.1	Generally Conforms
Standard 3.2	Generally Conforms

Standard 3.1 – Competency

Rotherham conforms with the mandate that the internal audit function collectively possesses the full range of competencies needed to perform all mandated services. Individual competency is systematically developed and assessed via one-to-ones, annual staff development plans (MYAP), regular six-monthly updates, and a formal competency assessment (the most recent being conducted towards the end of 2024/25), which directly informs the service’s training plan. All staff have qualifications in audit and/or accountancy with four staff having counter fraud qualifications. Where specialised skills are lacking (e.g., IT audit), assistance is procured from Salford. Competency is also enhanced through internal staff seeking specialist CPD both via their professional qualifications but also internally from work with Directorates.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 3.2 – Continuing Professional Development

The IA service has a Training and Development plan that generally aligns with business needs but we found it could benefit from more detail. This may be aided by clearly delineating the Training Plan from the Development Plan. The Head of Internal Audit supports continuing professional development (CPD) through shared knowledge sessions, such as fortnightly team meetings, and bite-size training. Additional training is also undertaken by staff as part of their CPD requirements. Although CPD logs are maintained, inconsistencies were noted, particularly for staff below Principal Auditor level, where recorded training did not always match courses delivered (e.g. root cause analysis). We consider that internal auditors adhere to the CPD requirement, but documentation of all training undertaken should be strengthened.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Action Point 1

We recommend strengthening internal auditors' mandatory recording and retention of all Continuing Professional Development (CPD) records to ensure the documentation comprehensively supports training undertaken.

We noted that the training and development plan looked good from a strategic development point of view but could be enhanced by making it more specific. We have raised the following advisory point for management consideration:

Advisory Point 2

To enhance actionable planning and responsiveness, the current training and development plan could be restructured into two distinct parts, clearly separating strategic long-term competency development from tactical, immediate training requirements, complete with specific deliverables and timelines.

6.4 Principle 4 – Exercise Due Professional Care

Internal auditors apply due professional care in planning and performing internal audit services.

Overall, we concluded that the function Generally Conforms to Principle 4. Details for each standard are shown below.

Standard 4.1	Generally Conforms
Standard 4.2	Generally Conforms
Standard 4.3	Generally Conforms

Standard 4.1 – Conformance with the GIAS in the UK Public Sector

The internal audit function and HIA have been committed to achieving full conformance with the Global Internal Audit Standards in the UK Public Sector and considering the recent introduction of GIAS have done a strong job of integrating the standards clearly into their processes and methodologies; including building into the internal audit manual and audit planning, fieldwork, completion and review processes. Training has been provided to staff, with further GIAS training scheduled for 2025-26. Audit methodologies align with the standards. The Audit Charter and Audit Mandate reflect GIAS principles, and audit reports utilise appropriate GIAS terminology.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 4.2 – Due Professional Care

The internal audit function exercises due professional care in planning and performing its services by thoroughly assessing all circumstances. This is demonstrated through the rigorous audit planning process, which systematically factors in risk assessment, the significance of issues (including potential errors and fraud) and appropriate timelines. The function consistently considers the adequacy and effectiveness of governance, risk management, and control processes, ensuring that the scope and timing of work are effective and aligned with the Council's objectives, as documented in the audit manual and working papers.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 4.3 – Professional Scepticism

Rotherham's internal auditors maintain professional scepticism; their audit services are characterized by an inquisitive attitude and critical assessment of information presented. This approach is underpinned by a highly experienced internal audit team. The success of this approach is tangibly demonstrated by the objective judgments reflected in audit outputs, including the issuance of challenging reports such as "Partial" and 'No Assurance' opinions. This helps to confirm that decisions are based on facts and logic rather than mere trust, thereby fulfilling the duty to inquire beyond the surface level of a given topic.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

6.5 Principle 5 – Maintain Confidentiality

Internal auditors use and protect information appropriately.

Overall, we concluded that the function Partially Conforms to Principle 5. Details for each standard are shown below.

Standard 5.1	Generally Conforms
Standard 5.2	Partially Conforms

Standard 5.1 – Use of Information

Internal auditors adhere strictly to policies, procedures, and laws regarding the use of information, reserving it solely for professional responsibilities. This strict adherence is supported by completed ethics declarations, the mandatory training undertaken by all staff in GDPR and Cyber Security, and annual declarations of independence, which helps to ensure that information is not leveraged for personal gain or in any manner detrimental to the organisation's legitimate and ethical objectives.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 5.2 – Protection of Information & Application Note 9B – Handling Information

The IA function maintains secure information handling practices internally: sensitive data is stored securely, with access restricted solely to auditors. Data disposal is performed annually and aligned with the Council's policies and procedures and the internal audit manual. Auditors receive mandatory Cyber Security and GDPR training. The HIA manages statutory disclosure obligations, handling FOI requests directly, and classifying audit committee reports as public or exempt in consultation with the S151 or Monitoring Officer.

We reviewed against the requirements of this Standard and the Application Note and based on the evidence, concluded that the internal audit function partially conforms.

This is due to finding that there is no SLA between Salford IT audit services and RMBC. It is unclear how third-party risk is managed in this circumstance with consequent potential legal and regulatory risks. Whilst we appreciate that Salford IT audit services are more than likely held to an equally high standard of account it leads to significant uncertainty in the event of a data breach or inappropriate conduct etc. We understand that the HIA is aware of the need for an SLA. We recommend that the lack of one is considered with the monitoring officer and risks are assessed with senior management and the board. We have raised the following point for management action:

Action Point 2

Establish a formal Service Level Agreement (SLA) between the authority and Salford IT audit services to mitigate potential legal and regulatory risks associated with third-party data protection and accountability. Senior management and the Monitoring Officer should evaluate the risks inherent in the current absence of an SLA, report findings to the board, and assess whether similar risk exposures exist across other authority contracts.

7. Domain III – Governing the Internal Audit Function – The Responsibilities of the Chief Audit Executive and the CIPFA Code on the Governance of Internal Audit

(The domain contains three Principles and nine Standards. See Section 10 for further explanation of the relationship of “the Code” to GIAS in the UKPS).

7.1 Principle 6 - Authorised by the Board and the Code Provision 1: Providing Authority for Internal Audit

The board establishes, approves, and supports the mandate of the internal audit function.

Overall, we concluded that the function Generally Conforms to Principle 6 and the Code’s Principle 1. Details for each standard and Provision are shown below.

Standard 6.1	Generally Conforms
Provision 1.1	Generally Conforms
Standard 6.2	Generally Conforms
Provision 1.2	Generally Conforms
Standard 6.3	Generally Conforms
Provision 1.3	Generally Conforms

Standard 6.1 – Individual Audit Mandate

Rotherham Council conforms by ensuring its internal audit mandate, which defines the function's authority, role, and responsibilities, is documented in the Internal Audit Charter. The mandate was discussed with senior management in February 2025 before Audit Committee (board) approval in March 2025. The scope is actively maintained; the Head of Internal Audit (HIA) reviews external assurance provider inputs by maintaining a "sources of assurance" document, demonstrating awareness of risk impact on internal audit scope. The Charter and Mandate documents are updated annually.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

We found that assurance mapping had not been formally recorded by the Council in an easily reviewable format potentially raising risks around the ability of those charged with governance to make assessment with regard to internal audit services required. Assurance mapping is important and assists internal audit with regard to internal audits coordination with other providers; however it is not an audit responsibility. This is an organisation wide

omission which should be corrected. We have raised the following point for management action:

Action Point 3

It is recommended that senior management strengthen assurance mapping. While this is not the responsibility of the internal audit function they can support, advise and contribute to this activity. Comprehensive assurance mapping should include both internal and external assurance providers, thereby facilitating improved coordination, avoiding duplication, and enabling the board and senior management to accurately determine the optimal scope and types of internal audit services required. CIPFA recently published Developing Effective Assurance Frameworks which may assist the council's approach.

Provision 1.1 – Internal Audit's Mandate

The findings for the Code Provision 1.1 are the same as those for Standard 6.1 above. However the Code recognises that the mandate comes from UK statutory authority (Accounts and Audit (England) Regulations 2015 and Section 151 of the Local Government Act 1972). This statutory backing forms the primary mandate.

We reviewed against the requirements of this provision and based on the evidence, concluded that senior management and the audit committee generally conforms.

Standard 6.2 – Internal Audit Charter

Rotherham Council conforms with Standard 6.2 by maintaining an Internal Audit Charter developed by the Head of Internal Audit (HIA) that formally documents the function's minimum requirements, including its purpose, commitment to the Global Internal Audit Standards (GIAS), and organisational reporting structure. The draft Charter was discussed with the Strategic Leadership Team (SLT) and officially approved by the audit committee (board) in March 2025, confirming it accurately reflects organisational understanding and expectations.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Provision 1.2 – Internal Audit's Charter

The findings for the Code Provision 1.2 are the same as those for Standard 6.2 above. However the Code ensures that the Audit Charter is anchored in the legal and governance context of the UK Public Sector including the mandate rooted in UK statutory authority and setting out administrative reporting arrangements and the reporting line to the audit committee (board).

We reviewed against the requirements of this Provision and based on the evidence, concluded that senior management and the audit committee generally conforms.

Standard 6.3 – Board and Senior Management Support

Support for the internal audit function comes from six annual meetings between the audit committee (board) and the Head of Internal Audit (HIA), which consistently include private sessions without senior management. The audit committee formally approves the audit plan, enquires about resource sufficiency, and senior management attend meetings when

challenging partial or no assurance audit reports are presented where the audit committee engage with senior management to support the internal audit function in its recommendations.

The HIA attends a quarterly statutory officers meeting (including the Chief Executive, S151 Officer, and Monitoring Officer) which fosters coordination and addresses any issues arising..

The HIA reports functionally to the board and administratively to the Strategic Director of Finance. The HIA sits at a senior management level.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

We noted that the participation of senior management and the HIA was not clearly documented up front in public-facing audit committee minutes and online records. We have therefore raised the following advisory point for management consideration:

Advisory Point 3

Enhance governance transparency by ensuring full attendance details, especially noting the participation of senior management and the head of internal audit, are clearly documented up front in public-facing audit committee minutes and online records. Failure to provide conspicuous evidence of senior leadership support risks undermining the perceived authority and gravity of the audit committee's oversight function.

Provision 1.3 – Support for Internal Audit

The findings for the Code Provision 1.3 are the same as those for Standard 6.3 above. The essential conditions within the standard sets the general context for board and senior management support while the Code specifies exact requirements:

- reporting Lines: Senior management must ensure the HIA's direct reporting line is no lower than a member of the senior management team
- demonstrable audit committee support and
- that the audit committee must meet at least annually with the HIA in sessions without senior management present.

These requirements are met as documented at 6.3 above.

We reviewed against the requirements of this Provision and based on the evidence, concluded that senior management and the audit committee generally conforms.

7.2 Principle 7 Positioned Independently and the Code Provision 2: Positioning Internal Audit Independently

The board establishes and protects the internal audit function's independence and qualifications.

Overall, we concluded that the function Partially Conforms to Principle 7. Details for each standard are shown below.

Standard 7.1	Partially Conforms
Provision 2.1	Partially Conforms
Standard 7.2	Generally Conforms
Provision 2.2	Generally Conforms

Standard 7.1 – Organisational Independence

Organisational independence of the internal audit function is confirmed annually via Section 3 of the Charter and Section 1.6 of the Annual Report. However, the HIA has roles as contributor to the Annual Governance Statement (AGS), responsibility for Anti-Fraud and Corruption (AFC) Policy and strategy, the AFC training provision and communications surrounding AFC and is also a Whistleblowing Officer. Additionally the HIA has on occasion, investigated some whistleblowing cases, on behalf of the Internal Audit Service. Without appropriate, agreed and documented safeguards these roles, except that with the AGS, are not in line with Standards and IIA or CIPFA guidance.

There are sufficient safeguards for the Annual Governance Statement (AGS) role as the Risk and Improvement Manager prepares the final AGS, although this could be more clearly documented in the Audit Charter.

AFC arrangements are part of management's system of internal control, whereas the HIA leads the function that must provide independent assurance on those arrangements. Without safeguards the HIA, when internal audit considers AFC arrangements would be concluding on their own decisions and more broadly confidence in governance arrangements may be weakened

The HIA's role as one of several Whistleblowing Officers would also not be considered appropriate without proper safeguards in place. The reason for this is similar to the AFC arrangements in that it leads to a dual role; on the one hand performing operational governance (handling, triaging and deciding investigations) and on the other providing assurance and reporting on the adequacy of whistleblowing and controls environments related to cases.

The Head of Internal Audit's (HIA) whistleblowing role with cases has a specific safeguard. Whistleblowing cases are discussed with the whistleblowing Officers who include the HIA, the Head of Legal, the HR Service Director and the Executive Director of Corporate Services (s151). The Head of Legal reports the whistleblowing cases to the Standards and Ethics Committee and the whistleblowing cases are also reported to the Statutory Officers Group on a quarterly basis. However, this should be clearly documented in the Audit Charter and in the Annual Report.

We think that the IA team as a result of being heavily involved in the AFC and whistleblowing process compromises its ability to give independent assurance on the matters under review.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function partially conforms. We have raised the following point for management action:

Action Point 4

(Std 7.1). The board and senior management should ensure implementation of clear, robust safeguards over the HIA's whistleblowing role and also the HIA's broader responsibilities for AFC. This should include prompt review of the HIA's responsibilities as the Whistleblowing

Officer and investigator for fraud and corruption cases, as combining these roles risks impairing independence and the perception of independence. Consideration should be given to implementing a separate, independent assurance mechanism specifically tasked with providing assurance over the HIA's involvement in the whistleblowing process and the HIA's wider AFC responsibilities. Safeguards must be in place where the HIA takes on additional roles and responsibilities and these must be properly documented and approved by the board and recorded clearly in the Audit Charter and Annual Report. The Internal Audit Standards Advisory Board issued a briefing on internal audit's role in counter fraud. (<https://www.iasab.org/archive-links/guidance-on-internal-audit%E2%80%99s-role-in-counter-fraud>) Although it has not yet been updated from PSIAS to the new standards, the principles remain the same. It may be helpful for the review.

Provision 2.1 - Organisational Independence

The findings for the Code Provision 2.1 are the same as those for Standard 7.1 above. This provision provides specific UK local government context and places the responsibility for establishing and safeguarding independence explicitly on senior management (on behalf of those charged with governance) and mandates active audit committee oversight of independence.

We reviewed against the requirements of this Provision and based on the evidence, concluded that senior management and the audit committee partially conforms due to the finding concerning the HIA's whistleblowing and counter-fraud roles under Action Point 4. Please see Standard 7.1, above, for further explanation.

Additionally, we raised an advisory point for management consideration:

The Code requires that the audit committee should provide feedback on the proposed job description and the performance evaluation of the chief audit executive (HIA) should include feedback from the chair of the audit committee. We found that this is being done but it was noted that these requirements were not included in the responsibilities listed in the audit committee Terms of Reference.

Advisory Point 4

To ensure the audit committee's official documentation aligns with best governance practice and the Code, update the audit committee Terms of Reference (TOR) to formally incorporate the committee's duties to provide feedback on the HIA's proposed job description and contribution, by the audit chair, to the annual performance evaluation of the HIA.

Standard 7.2 – Chief Audit Executive Qualifications & Application Note 10C – CAE Qualifications

The chief audit executive (CAE) is suitably qualified, possessing CCAB (CIPFA), MIIA, and Accredited Counter Fraud Specialist credentials. The CAE has over 20 years of local government audit experience and maintains their professional standards through completing annual CPD which includes training on GIAS and technological developments. Senior management ensures the CAE job description reflects the necessary high standards and qualifications required.

We reviewed against the requirements of this Standard and the Application Note and based on the evidence, concluded that the internal audit function generally conforms.

Provision 2.2 - Qualification of the chief audit executive

The findings for the Code Provision 2.2 are the same as those for Standard 7.2 above. This provision provides specific UK context including that the Application Note must be adhered to requiring that the (Chief Audit Executive (HIA) has suitable internal audit experience and specific qualifications relevant to the UK context.

We reviewed against the requirements of this Provision and based on the evidence, concluded that senior management and the audit committee function generally conforms.

7.3 Principle 8 Overseen by the Board and the Code

Provision 3: Oversight of Internal Audit

The board oversees the internal audit function to ensure the function's effectiveness.

Overall, we concluded that the function Generally Conforms to Principle 8. Details for each standard are shown below.

Standard 8.1	Generally Conforms
Provision 3.1	Generally Conforms
Standard 8.2	Generally Conforms
Provision 3.2	Generally Conforms
Standard 8.3	Generally Conforms
Provision 3.3	Generally Conforms
Standard 8.4	Generally Conforms
Provision 8.4	Generally Conforms

Standard 8.1 – Board Interaction

The internal audit function conforms by ensuring the Head of Internal Audit (HIA) consistently reports all necessary information to the board (audit committee) through the quarterly work plan including covering: the audit plan, budgeted audit days approval, independence status, and engagement results. The HIA routinely meets with audit committee members before meetings, and the Audit Charter formally establishes the required escalation routes, enabling the HIA to provide the board with facts and circumstances needed to intervene if unresolved disagreements arise with senior management concerning scope or findings.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Provision 3.1 – Audit Committee Interaction

The findings for the Code Provision 3.1 are the same as those for Standard 8.1 above. Whereas the Standard outlines that the CAE's (HIA) mandatory duty to provide the board

(audit committee) with all necessary information required for it to fulfil its oversight responsibilities this provision focuses on the active responsibilities and mechanisms the audit Committee must establish to ensure effective oversight. We found that the audit committee met its requirements to actively manage and use the information provided by the HIA to discharge its duties e.g. by agreeing the annual internal audit work plan and familiarising itself with the authority's assurance arrangements and approach to governance, risk management and internal control arrangements.

We reviewed against the requirements of this Provision and based on the evidence, concluded that senior management and the audit committee generally conforms.

Standard 8.2 – Resources

Resource management arrangements are documented in Section 10 of the Charter. The annual audit plan and budgeted audit days are presented to and approved by the board every March, with quarterly updates provided to the audit committee which are regularly discussed with the SLT. While the relatively small team size and challenges arising from succession planning pose risks, the HIA and s151 officer proactively address constraints, as budget allows, through targeted recruitment and developing internal audit team members. It is ensured that those charged with governance are informed of resource allocation and of the internal audit function's ability to fulfil its mandate.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Provision 3.2 – Resources

The findings for the Code Provision 3.2 are the same as those for Standard 8.2 above. The Standard focuses on the CAE (HIA) ensuring resources are available to meet the mandate with the Code focusing on those charged with governance (audit committee and senior management) to engage with the CAE (HIA) to ensure that the function is able to meet its mandate.

We reviewed against the requirements of this Provision and based on the evidence, concluded that senior management and the audit committee generally conforms.

We have raised an advisory point concerning the HIA regarding the building of resilience to IT audit in the internal audit function at Advisory Point 6. Please see 8.2.2 for further explanation.

Standard 8.3 – Quality

A Quality Assurance and Improvement Programme (QAIP) is established and renewed annually that includes both ongoing internal assessments and a planned external quality assessment (EQA). The QAIP covers conformance against GIAS and performance objectives. Senior management is involved in setting the performance objectives and the annual assessment of the HIA and internal audit function. Internal assessment results, including action plans, are reported quarterly to the audit committee (board) and senior management. The audit committee reviews the Head of Internal Audit's annual conclusions on governance, risk management, and control, effectively exercising oversight over internal audit quality.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Provision 3.3 – Quality

The findings for the Code Provision 3.3 are the same as those for Standard 8.3 above. Whilst the Standard outlines the need for a QAIP and mandates the reporting of its results by the CAE (HIA), the Provision mandates the audit committee's review of the HIA's assessments of conformance against GIAS, reviewing the HIA's annual report and assessing the effectiveness of internal audit.

We reviewed against the requirements of this Provision and based on the evidence, concluded that senior management and the audit committee generally conforms.

Standard 8.4 – External Quality Assessment & Application Note 10D – Selecting Independent Assessor

The selection process for the External Quality Assessment (EQA) was approved by the audit committee in March 2025, meeting the requirement for an assessment every five years. The chosen CIPFA assessor possesses the necessary qualifications outlined for a Chief Audit Executive and is familiar with the UK public sector context. The governance framework ensures the audit committee will receive the full EQA report and those charged with governance will oversee the resulting action plan via the QAIP.

We reviewed against the requirements of this Standard and the Application Note and based on the evidence, concluded that the internal audit function generally conforms.

Provision 3.4 – External Quality Assessment

The findings for the Code Provision 3.4 are the same as those for Standard 8.4 above. This is another example where the Standard places the focus of responsibility and implementation on the CAE with the Code emphasises the active management role of senior management and the board. The Code mandates that the Code must form part of an EQA of conformance to GIAS and that accountability for implementation lies with senior management.

We reviewed against the requirements of this Provision and based on the evidence, concluded that senior management and the audit committee generally conforms.

8 Domain IV – Managing the Internal Audit Function

(This domain contains three Principles and sixteen Standards)

8.1 Principle 9 Plan Strategically

The chief audit executive plans strategically to position the internal audit function to fulfil its mandate and achieve long-term success.

Overall, we concluded that the function Generally Conforms to Principle 9. Details for each standard are shown below.

Standard 9.1	Generally Conforms
Standard 9.2	Generally Conforms
Standard 9.3	Generally Conforms
Standard 9.4	Generally Conforms
Standard 9.5	Generally Conforms

Standard 9.1 – Understanding Governance, Risk Management and Control Processes & Application Note 9C – Value for Money

The Head of Internal Audit (HIA) maintains a thorough understanding of the Council's governance, risk, and control processes through: attendance at quarterly statutory officers meetings; review of the strategic risk register; review of RMBC policies and procedures; consideration and awareness of assurance mapping; business knowledge gained from the governance, risk management and control process work of the internal audit team and collaboration with the wider senior management team. This knowledge informs the comprehensive, risk-based audit plan. The value for money requirements of the application note are included in the Charter at Section 9.10 and are inherent in internal audit work, though the Head of Internal Audit recognizes the value of refresher training on VFM.

We reviewed against the requirements of this Standard and the Application Note and based on the evidence, concluded that the internal audit function generally conforms.

We noted that further VFM training would strengthen the IA teams ability to assist the local authority. This will assist with internal audits assessment of “the three E’s”:

- Economy - the resources used are available in due time, of appropriate quantity and quality and are at the best price
- Efficiency - getting the most output – in terms of quantity and quality – from our inputs. Or achieving the same output with less input
- Effectiveness - the extent to which objectives are met, and if this can be attributed to the output of the policy pursued

Risk management is one of the areas where the EQA survey (see Appendix 12) indicated that more could be done and VFM training will assist with enhancing risk based audit planning by better understanding financial sustainability and service delivery risks and by

providing further insightful recommendations. We have therefore raised the following advisory point for management

Advisory Point 5

Ensure annual training updates for internal auditors incorporate value for money (VFM) topics, ideally expanded to include comprehensive VFM audit methodology training.

Standard 9.2 – Internal Audit Strategy

The Internal Audit Strategy, defining the function's vision, strategic objectives and supporting strategic initiatives which was approved by the audit committee in September 2025. The strategy is aligned with the Council's objectives through HIA understanding of the business and discussion and agreement with the SLT. The strategy incorporates initiatives, including the Quality Assurance and Improvement Programme (QAIP), assisting with ongoing strategic delivery.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 9.3 – Methodologies

The Internal Audit function operates under a well-developed Internal Audit Manual that has been clearly updated to reflect the Global Internal Audit Standards (GIAS). This manual documents the systematic and disciplined methodology for conducting audits, managing the audit plan, coordinating assurance, and defining performance measures. The HIA supports conformance through regular internal training, development of training materials and bite-sized sessions on evolving audit practices.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 9.4 – Internal Audit Plan and Application Note 10B – Overall Conclusions and annual reporting

The internal audit plan for 2025/26 is based on an annual, documented risk assessment informed by the Corporate Risk Register and extensive input from Directorate Leadership Teams (DLTs) and the SLT. The plan specifies required human, financial, and technological resources (including outsourced IT specialists) and is dynamic, with any significant changes communicated and approved by the audit committee. This systematic planning explicitly supports the essential requirement of the Application Note for the HIA to provide an annual conclusion on the effectiveness of governance, risk management, and control

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 9.5 – Coordination and Reliance & Application Note 9.5 – The Role of Regulators

The Head of Internal Audit (HIA) coordinates actively with assurance providers by consulting relevant external reports (e.g. in the "sources of assurance" document) to minimise duplication and ensure comprehensive risk coverage in the audit plan and annual report. The HIA reports barriers to coordination (such as those related to external regulators like CQC and Ofsted) to the audit committee, thereby addressing the Application Note requirement to inform the board of any obstacles preventing effective cooperation with outside assurance bodies.

We reviewed against the requirements of this Standard and the Application Note and based on the evidence, concluded that the internal audit function generally conforms.

We have raised points for management action under Action Point 3 and Action Point 4 both relate to this Standard too but do not impact on the generally conforms conclusion.

8.2 Principle 10 Manage Resources

The chief audit executive manages resources to implement the internal audit function’s strategy and achieve its plan and mandate.

Overall, we concluded that the function Generally Conforms to Principle 10. Details for each standard are shown below.

Standard 10.1	Generally Conforms
Standard 10.2	Generally Conforms
Standard 10.3	Generally Conforms

Standard 10.1 – Financial Resource Management & Application Note 10A - Resources

Resources are managed and budgeted based on the Internal Audit Strategy and Plan, with the budgeted audit days formally approved by the audit committee (board) in March 2025. The focus is currently on developing data analytics capabilities and ensuring resources are sufficient despite resource constraints related to succession planning and recruitment. The HIA proactively manages finances to ensure that financial resources are sufficient to cover the approved plan and is committed to regular communications on resource issues with the audit committee (board) e.g. quarterly updates, meeting the Application Note requirement for informing the board of resource sufficiency and constraints.

We reviewed against the requirements of this Standard and the Application Note and based on the evidence, concluded that the internal audit function generally conforms.

Standard 10.2 – Human Resources Management

The internal audit function’s human resources model actively addresses the team’s small size and ageing profile. Succession planning is included in the Audit Strategy, and arrangements to support resilience are being discussed with the S151 Officer The Head of Internal Audit fosters staff competency through regular one-to-one supervision, training plans, and on-the-job mentoring by experienced auditors, ensuring the team collectively performs the annual plan effectively.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

We found that currently, quality assurance of the outsourced IT audit is provided by a member of the IA team who is qualified by experience and is currently working to a flexible retirement working pattern.. The internal audit function also have another auditor who although not qualified in IT audit, can undertake non-technical IT audits, for example on asset management/software licences.

We have therefore raised the following advisory point for management consideration:

Advisory Point 6

To strengthen resilience and internal capacity, evaluate and pursue training opportunities for a current internal audit staff member to obtain a relevant IT audit qualification (such as CISA or equivalent), thereby ensuring access to up-to-date expertise, ability to provide qualified quality assurance and review over the outsourced IT function and provide in-house insight within the internal audit team over the many challenges of technological change, such as IT AI governance.

Standard 10.3 – Technological Resources

The internal audit function’s strategy and training plan are focused on using technology, particularly data analytics, to enhance efficiency. The team uses appropriate audit management software, and the audit budget for technology development (including training), included in the finance budget was approved by Cabinet / Full Council. The Head of Internal Audit actively communicates technology-related resource developments, for example data analytics and use of AI and raises other limitations, for example staffing constraints, see 10.2 above to the audit committee and SLT.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

8.3 Principle 11 Communicate Effectively

The chief audit executive guides the internal audit function to communicate effectively with its stakeholders.

Overall, we concluded that the function Generally Conforms to Principle 11. Details for each standard are shown below.

Standard 11.1	Generally Conforms
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Standard 11.2	Generally Conforms
Standard 11.3	Generally Conforms
Standard 11.4	Generally Conforms
Standard 11.5	Generally Conforms

Standard 11.1 – Building Relationships and Communicating with Stakeholders

The Head of Internal Audit (HIA) has strong relationships, evidenced by regular meetings with the audit committee, the Strategic Leadership Team (SLT) (quarterly), and quarterly engagement with statutory officers. Communication is both formal and informal, helping the HIA stay current with organisational risks and major developments. The HIA also engages with directorate leadership teams (DLTs) and uses the internal intranet site to promote the function's work. There is also engagement with external assessors as and when their reviews occur e.g. a recent Public Health peer review, by another authority.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 11.2 – Effective Communication

The internal audit function uses structured methodologies to ensure communications meet professional quality standards. This includes the use of formal audit reports for engagement results and periodic briefing notes. The function regularly solicits feedback through client post-audit surveys and annual feedback requests to Strategic Directors and Assistant Directors, confirming the effectiveness and timeliness of reporting.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 11.3 – Communicating Results & Application Note 10B – Overall Conclusions and Annual Reporting

Engagement results, including conclusions and themes, are communicated to the audit committee (board) and SLT periodically via quarterly update reports, ensuring transparency and timely dissemination. The HIA reviews and approves all draft and final engagement reports before issuance. The overall conclusion on governance, risk management, and control is documented in the Annual Report, explicitly linked to the QAIP assessment and approved by the HIA fulfilling the Application Note requirement.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 11.4 – Errors and Omissions

RMBC internal audit methodology include a protocol for managing errors and omissions; reports are subject to an agreement process with auditees. While no instances requiring correction subsequent to this agreement process have occurred, the established procedure dictates that reports would be promptly re-issued if a significant error or omission were discovered.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 11.5 – Communicating the Acceptance of Risks

The internal audit function maintains a methodology (detailed in Section 9 of the Audit Charter) for escalating risks when the Head of Internal Audit (HIA) believes management has accepted a risk exceeding the established tolerance. This process mandates discussion with management, followed by escalation to the Strategic Leadership Team, and finally, to the audit committee if the issue remains unresolved. The audit committee receives updates on all partial and no assurance reports, helping to provide oversight of risk acceptance.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

8.4 Principle 12 Enhance Quality

The chief audit executive is responsible for the internal audit function's conformance with the Global Internal Audit Standards and continuous performance improvement.

Overall, we concluded that the function Generally Conforms to Principle 12. Details for each standard are shown below.

Standard 12.1	Generally Conforms
Standard 12.2	Generally Conforms
Standard 12.3	Generally Conforms

Standard 12.1 – Internal Quality Assessment

The internal audit function maintains a Quality Assurance and Improvement Programme (QAIP) that includes both ongoing monitoring and annual self-assessments against GIAS. The results of the internal assessments and the resulting action plans are reported quarterly to the audit committee and senior management, confirming the function's ongoing conformance.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 12.2 – Performance Measurement

Performance objectives, key performance indicators (kpi), primarily focused on timeliness of report issuance and completion of audits, are reviewed by the audit committee and SLT at least annually. The results are reported quarterly. The Head of Internal Audit actively seeks feedback from stakeholders (including the audit committee and SLT) via annual feedback requests and post-audit surveys to guide continuous improvement efforts.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

We found that key performance indicators (kpi) and more general performance reporting (e.g. QAIP, Post Audit Questionnaires, Review processes etc) are in place. We discussed with the HIA that the specific kpi metrics could potentially be strengthened. It is considered best practice to have a balanced set of kpi's across: Delivery (which is where RMBC currently have their kpi's), Quality and conformance and Value for Money (process efficiency, cost savings). However we note that, due to constrained resources for internal audit functions in the public sector, only having delivery metrics is not uncommon.

If new kpi's are adopted, they should be stretching but pragmatic given pressures on the relatively small IA team. Consideration could be given to further kpi's in Quality / Conformance e.g. client satisfaction / post audit questionnaires are a common kpi across local authorities. We recognise that the internal audit function already consistently score highly and consideration may therefore need to be given to putting more stretching questions in post audit questionnaire e.g. around the specifics of cost savings or process efficiencies. There are many potential kpi's that could be used to drive improvements and aid with monitoring; this depends how those charged with governance want to focus internal audit function performance. We have identified some common kpi's above and have raised the following advisory point for management consideration:

Advisory Point 7

The HIA, collaborating with the audit committee and senior management could conduct a strategic review to strengthen the internal audit function's key performance indicators metrics, moving beyond solely Delivery metrics to adopt an approach incorporating Quality and Conformance, and Value for Money (VFM) metrics. A more limited review could incorporate seeing how the internal audit function's current post audit questionnaires could be developed to bolster delivery kpi metrics. These updated kpi's should be sufficiently challenging yet pragmatic, aligning with the strategic focus areas defined by those charged with governance to effectively monitor the function's performance and continuous improvement.

Standard 12.3 – Oversee and Improve Engagement Performance

The Head of Internal Audit (HIA) delegates continuous monitoring and quality assurance primarily to Principal Auditors, due to the high proficiency and experience of the internal audit team. The HIA retains ultimate accountability and performs a second-stage review of all audits via an approvals process, ensuring that engagements conform to GIAS and supporting documentation is retained on the audit software system.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

9 Domain V – Performing Internal Audit services

(This domain contains three Principles and fourteen Standards)

9.1 Principle 13 Communicate Effectively

Internal auditors plan each engagement using a systematic, disciplined approach.

Overall, we concluded that the function Generally Conforms to Principle 13. Details for each standard are shown below.

Standard 13.1	Generally Conforms
Standard 13.2	Generally Conforms
Standard 13.3	Generally Conforms
Standard 13.4	Partially Conforms
Standard 13.5	Generally Conforms
Standard 13.6	Generally Conforms

Standard 13.1 – Engagement Communication

Internal auditors maintain continuous and effective communication with management throughout engagements, confirming objectives and scope. A methodology is established (per the Audit Charter) and also referenced in the internal audit manual (IAM - 11.5.3) to manage disagreements, ensuring both parties' rationale is documented if a mutual understanding cannot be reached on engagement results, preventing inappropriate changes to the conclusions

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 13.2 – Engagement Risk Assessment

The process begins with an Engagement Risk Assessment conducted during the scoping phase, informed by research briefs, risk registers, and discussions with the Head of Internal Audit (HIA) and senior management. This ensures that potentially significant risks, including fraud, are identified and prioritised.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

It was noted that the Engagement Brief risk assessment could give more consideration to documenting risks, making them more specific and that the new brief could make risk more explicit in the sections marked cumulative knowledge and research. There is more that could be done to document the specific risks relating to fraud and developing evaluation and prioritisation of risks although to some extent this is implicit in the extracts from the risk

register. Whilst we believe risk is sufficiently documented there is scope to improve documentation of risk in line with GIAS requirements above.

We also noted that the audit work programmes clearly show the team are identifying criteria. Under GIAS there is a requirement to document this at the planning stage as part of the engagement risk assessment. We considered this could be more fully recorded.

We have therefore raised the following advisory points for management consideration:

Advisory Point 8

It is suggested that the new Engagement Assessment brief makes noting risk more explicit in the sections marked cumulative knowledge and research. Risks are documented but there could be more depth with regard to documenting specific risks relating to fraud and developing evaluation and prioritisation of risks.

Advisory Point 9

The audit work programmes clearly show the team are identifying criteria, under GIAS there is a requirement to document this at the planning stage as part of the engagement risk assessment. The new Engagement Brief should be strengthened to include an analysis of all the criteria used to measure whether the entity is achieving its objectives. This would enhance the risk assessment. This should be considered in tandem with Action Point 6 at Standard 13.4 below.

Standard 13.3 – Engagement Objectives and Scope

Engagement objectives and scope are formally documented in the Audit Briefs and approved by the Head of Internal Audit (HIA), confirming whether services are assurance or advisory. A robust methodology detailed in the Internal Audit Manual (IAM - 2.3.3.7) ensures that the HIA escalates unresolved scope limitations to the board.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 13.4 – Evaluation Criteria

RMBC internal auditors generally assess and use appropriate criteria (policies, regulations) to evaluate activity effectiveness. The concept of VFM (economy, efficiency, effectiveness) is integral to the function's work and expected by the Application Note we found that VFM consideration for evaluation criteria should be more fully documented in the research and briefing / scope documentation; based on this evidence we have concluded that the internal audit function partially conforms.

We have therefore raised the following point for management action:

Action Point 5

We suggest including explicit Value for Money (VFM) considerations for evaluation criteria within all new internal audit briefs and scopes.

Standard 13.5 – Engagement Resources

The audit engagement team identifies resource needs (time, budget (audit days), expertise) during the briefing stage, which is reviewed by the Principal Auditors and the Head of Internal Audit. Resources (including budgeted audit day allocations) are managed flexibly, with budgets adjusted if the scope widens due to issues identified during testing. This process ensures resources are appropriate and sufficient to achieve objectives within the allotted time frame. Any concerns regarding inadequate resources are formally documented and discussed with the Head of Internal Audit.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 13.6 – Work Programme

A formal engagement work programme is developed, documented in the audit software, and must include criteria, tasks, methodology, and assigned auditors. The requirement for the Head of Internal Audit to formally approve every work programme is currently delegated to Principal Auditors, the process ensures systematic work programme planning and is considered adequate to meet the standard.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

9.2 Principle 14 Conduct Engagement Work

Internal auditors implement the engagement work program to achieve the engagement objectives.

Overall, we concluded that the function Generally Conforms to Principle 14. Details for each standard are shown below.

Standard 14.1	Generally Conforms
Standard 14.2	Generally Conforms
Standard 14.3	Generally Conforms
Standard 14.4	Generally Conforms
Standard 14.5	Generally Conforms
Standard 14.6	Generally Conforms

Standard 14.1 – Gathering Information for Analyses and Evaluation

Internal auditors utilise appropriate documented procedures and supervisory reviews to ensure that gathered information (evidence) is relevant, reliable, and sufficient to support engagement findings and conclusions.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 14.2 – Analyses and Potential Engagement Findings

Analysis compares the actual condition of the activity under review against the established evaluation criteria, identifying any differences as potential findings. Auditors diligently gather evidence to support conclusions, and procedures are in place for approving adjustments to the work programme should further analysis be required. Due professional care is exercised to ensure sufficient evidence supports findings, and conversely, positive assurance is provided in the engagement conclusion when no deficiencies are identified.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 14.3 – Evaluation of Findings

Findings are rigorously evaluated to determine their significance, likelihood, and impact on governance and control, collaborating with management to identify root causes. Findings are consistently prioritised (High/Medium/Low) using established methodologies to assist management in planning corrective action.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

We found that likelihood and impact of risks could be identified more explicitly in the body of the audit report and/or risk column in the report action plan. This would probably be best achieved by using a matrix for likelihood/impact in the style of a risk register or audit management software as the HIA has suggested.

Advisory Point 10

To enhance management's clarity in prioritising remedial actions, modify audit reports or action plans to explicitly document the likelihood and impact of identified risks, adopting a structured approach, maybe using a scoring matrix or incorporating functionality from audit management software

Standard 14.4 – Recommendations and Action Plans

Internal auditors develop recommendations and agree on action plans with management to mitigate risks and address root causes. The Audit Charter documents the methodology for resolving disagreements should management challenge the proposed actions.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 14.5 – Engagement Conclusions

Our sample of final audit reports all included a clear professional conclusion, summarizing engagement results against objectives and addressing the overall significance of findings in relation to the effectiveness of governance, risk management, and control processes.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 14.6 – Engagement Documentation

Engagement documentation (workpapers) is subject to first-stage review by the supervisor and second-stage review by the Head of Internal Audit (HIA) to ensure accuracy and completeness. The documentation is sufficient for a competent third party to replicate the work and derive the same results. Documentation undergoes rigorous review by the engagement supervisor and Head of Internal Audit and is retained in line with established retention policies.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

9.3 Principle 15 Communicate Effectively

Internal auditors communicate the engagement results to the appropriate parties and monitor management’s progress toward the implementation of recommendations or action plans.

Overall, we concluded that the function Generally Conforms to Principle 11. Details for each standard are shown below.

Standard 15.1	Generally Conforms
Standard 15.2	Generally Conforms

Standard 15.1 – Final Engagement Communication

The Head of Internal Audit (HIA) formally reviews and approves all final engagement communications before dissemination. These communications clearly outline objectives, scope, prioritized findings, recommendations, and a conclusion regarding the effectiveness of controls. The reports explicitly specify responsible officers and planned completion dates for action, ensuring accountability.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 15.2– Confirming the Implementation of Recommendations or Action Plans

Management actions stemming from audits are monitored using an automated tracking system. This process includes performing risk-based follow-up assessments whereby follow-up audits are mandated for reports with Partial or No Assurance opinions (within approximately six months). If actions are deferred twice, the issue is escalated to the Chief

Executive, which has led to compliance with implementing agreed actions in a timely fashion.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

10. CIPFA Code on the Governance of Internal Audit

10.1 Background

CIPFA has developed the Code of Practice for the Governance of Internal Audit in UK Local Government (the Code) to support authorities in establishing their internal audit arrangements and providing oversight and support for internal audit. The Code is designed to work alongside new internal audit standards. It is aimed at those responsible for ensuring effective governance arrangements for internal audit.

Global Internal Audit Standards include 'essential conditions' for the governance of internal audit. These conditions are needed to allow effective internal audit practice and for internal auditors to conform with GIAS in the UK public sector.

The Code meets the objectives of the essential conditions, by providing for the necessary governance of internal audit, but in a way that is appropriate for UK local government bodies. It includes roles and responsibilities of the audit committee, senior management and those charged with governance towards internal audit.

10.2 Assessment

Domain III – Governing the internal audit function – The Responsibilities of the Chief Audit (CAE) and the Code map line up at the level of the subject matter covered, the first considers the requirements of the Standards from the chief audit executive's Perspective with the Code considering the same subjects from those charged with governance i.e. the board (audit committee) and senior management.

While the perspective of the requirements is from the view of those charged with governance, as these are covering the same subjects as Domain III (from the perspective of the CAE) the topics covered are the same and findings can be similar.

11. UK Application Note – Global Internal Audit Standards

11.1 Background

This document provides a framework for the practice of internal audit in the UK public sector when taken together with the Global Internal Audit Standards (GIAS) issued by the Institute of Internal Auditors (IIA). It sets out interpretations and requirements which need to be applied to the GIAS requirements, in order that these form a suitable basis for internal audit practice in the UK public sector.

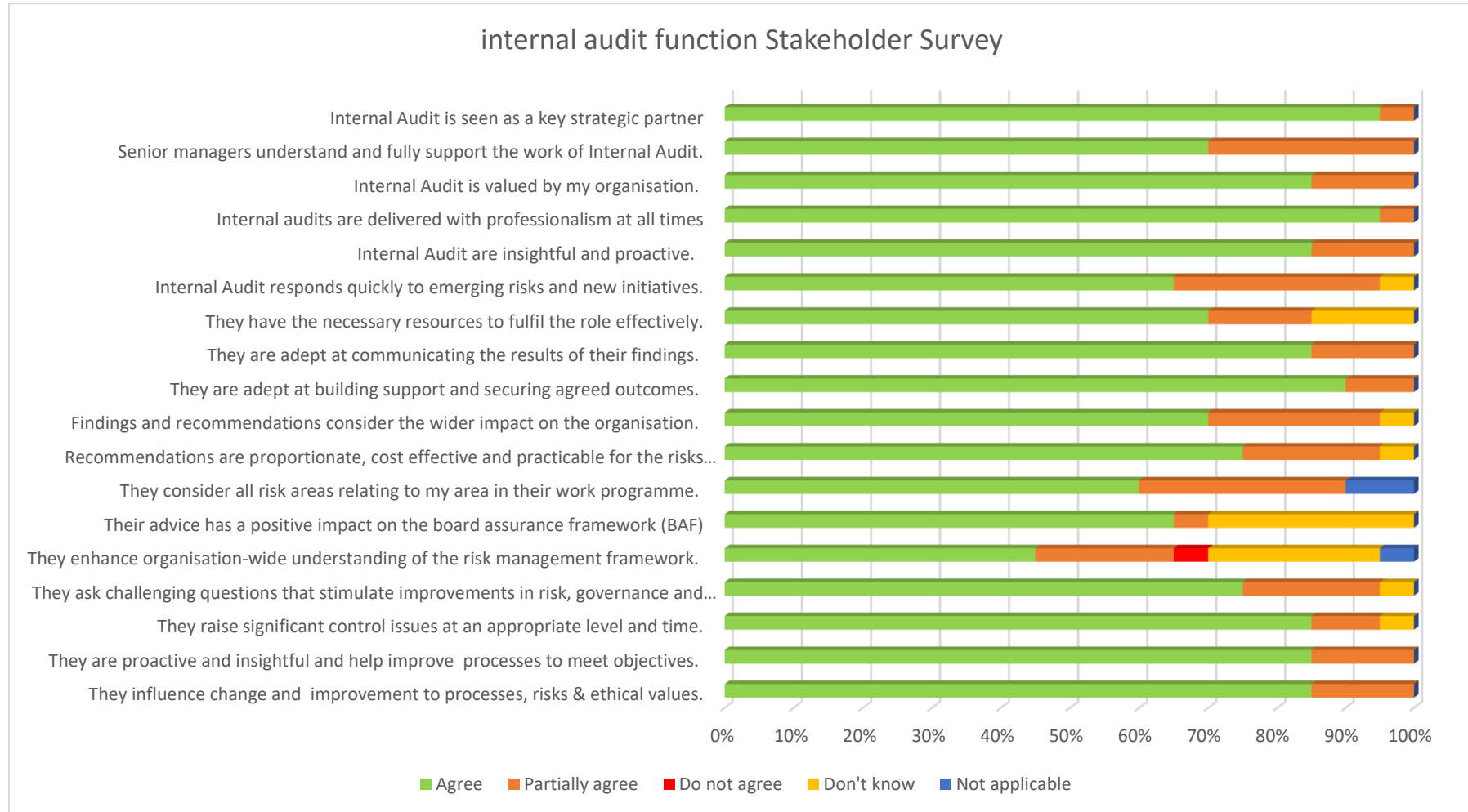
The Application Note therefore provides UK public sector-specific context, interpretations of GIAS requirements in the specific circumstances expected to apply across the UK public sector and some additional requirements which the RIASS consider essential for the practice of internal audit in the UK public sector.

11.2 Assessment

The Application Note by its nature covers the same subject matter as GIAS and the Code but with specific UK modifications. We therefore report where we have specific findings that differ from those under GIAS and the Code.

12. Survey Results

(Based on twenty responses)



13. Issues for Management Action and Consideration

13.1 From our full assessment review of the internal audit function we have identified a number of issues that the Rotherham Metropolitan Borough Council internal audit function need to address, and these are all set out in the table below:

Issues for management action	Priority
<p>Action Point 2</p> <p>(Std 5.2) Establish a formal Service Level Agreement (SLA) between the authority and Salford IT audit services to mitigate potential legal and regulatory risks associated with third-party data protection and accountability. Senior management and the Monitoring Officer should evaluate the risks inherent in the current absence of an SLA, report findings to the board, and assess whether similar risk exposures exist across other authority contracts.</p>	High
<p>Action Point 4</p> <p>(Std 7.1). The board and senior management should ensure implementation of clear, robust safeguards over the HIA's whistleblowing and also the HIA's broader responsibilities for AFC. This should include prompt review of the HIA's dual responsibilities as the Whistleblowing Officer and investigator for fraud and corruption cases, as combining these roles risks impairing independence. Consideration should be given to implementing a separate, independent assurance mechanism specifically tasked with providing assurance over the HIA's involvement in the whistleblowing process and the HIA's wider AFC responsibilities.</p>	High
<p>Action Point 3</p> <p>(Std 6.1) It is recommended that senior management strengthen assurance mapping; whilst this is not the responsibility of the internal audit function they can support, advise and contribute to this activity. Comprehensive assurance mapping should include both internal and external assurance providers, thereby facilitating improved coordination, avoiding duplication, and enabling the board and senior management to accurately determine the optimal scope and types of internal audit services required.</p>	Medium
<p>Action Point 5</p> <p>(Std 13.4) We suggest including explicit Value for Money (VFM) considerations for evaluation criteria within all new internal audit research, briefing, and scope documentation.</p>	Low

Issues for management action	Priority
<p>Action Point 1</p> <p>(Std 3.2) We recommend strengthening internal auditors' mandatory recording and retention of all Continuing Professional Development (CPD) records to ensure the documentation comprehensively supports training undertaken.</p>	Low
<p>Advisory Point 1</p> <p>(Std 1.2) Implement mandatory annual refresher training encompassing Domain II ethics, the Nolan Principles, FOI legislation, annual Code of Conduct affirmation, and financial procurement rules.</p>	Advisory
<p>Advisory Point 2</p> <p>(Std 3.2) To enhance actionable planning and responsiveness, the current Training and Development Plan could be restructured into two distinct parts, clearly separating strategic long-term competency development from tactical, immediate training requirements, complete with specific deliverables and timelines.</p>	Advisory
<p>Advisory Point 3</p> <p>(Std 6.3) Enhance governance transparency by ensuring full attendance details, especially noting the participation of senior management and the head of internal audit, are clearly documented up front in public-facing audit committee minutes and online records. Failure to provide conspicuous evidence of senior leadership support risks undermining the perceived authority and gravity of the audit committee's oversight function.</p>	Advisory
<p>Advisory Point 10</p> <p>(Std 14.3) To enhance management's clarity in prioritizing remedial actions, modify audit reports or action plans to explicitly document the likelihood and impact of identified risks, adopting a structured approach, maybe using a scoring matrix or incorporating functionality from audit management software.</p>	Advisory
<p>Advisory Point 5</p> <p>(Std 9.1) Ensure annual training updates for internal auditors incorporate value for money (VFM) topics, ideally expanded to include comprehensive VFM audit methodology training.</p>	Advisory

Issues for management action	Priority
<p>Advisory Point 6</p> <p>(Std 10.2) To strengthen resilience and internal capacity, evaluate and pursue training opportunities for a current internal audit staff member to obtain a relevant IT audit qualification (such as CISA or equivalent), thereby ensuring access to up-to-date expertise, ability to provide qualified quality assurance and review over the outsourced IT function and provide in-house insight within the internal audit team over the many challenges of technological change, such as IT AI governance.</p>	<p>Advisory</p>
<p>Advisory Point 7</p> <p>(Std 12.2) The HIA, collaborating with the audit committee and senior management should consider conducting a strategic review to strengthen the internal audit function's Key Performance Indicators (kpi's) metrics, moving beyond solely Delivery metrics to adopt a balanced scorecard approach incorporating Quality and Conformance, and Value for Money (VFM). These updated kpi's should be sufficiently challenging yet pragmatic, aligning with the strategic focus areas defined by those charged with governance to effectively monitor the function's performance and continuous improvement.</p>	<p>Advisory</p>
<p>Advisory Point 8</p> <p>(Std 13.2) It is suggested that the new Engagement Assessment brief makes noting risk more explicit in the sections marked cumulative knowledge and research. There is more that could be done to document the specific risks relating to fraud and developing evaluation and prioritisation of risks.</p>	<p>Advisory</p>
<p>Advisory Point 4</p> <p>(Code 2.1) To ensure the audit committee's official documentation aligns with best governance practice and the Code, update the audit committee Terms of Reference (TOR) to formally incorporate the committee's duties to provide feedback on the HIA's proposed job description and contribution, by the Audit Chair, to the annual performance evaluation of the HIA.</p>	<p>Advisory</p>
<p>Advisory Point 9</p> <p>(Std 13.2) The audit work programmes clearly show the team are identifying criteria, under GIAS there is a requirement to document this at the planning stage as part of the engagement risk assessment. The new Engagement Brief</p>	<p>Advisory</p>

Issues for management action	Priority
could be strengthened to analyse this out with a complete list, reviewed and assessed of all criteria used to measure whether the entity is achieving its objectives to enhance risk assessment	

The co-operation of Rotherham Metropolitan Borough Council's head of internal audit and team in providing the information requested for the EQA and the efficiency with which this was done is greatly appreciated. Our thanks go to the Rotherham Metropolitan Borough Council's Audit and Governance Committee Chair and the key stakeholders that made themselves available for interview during the EQA.

Consultant name: Sean Titley

Date: 29th January 2026

14. Definitions for the Overall Conclusion

Level of Conformity	Description	Commentary
Generally conforms	<p>Across all Domains, the internal audit function conforms with the standards with only minor deviations.</p> <p>The relevant structures, policies and procedures of the internal audit service, as well as the processes by which they are applied, meet the requirements of the individual standards.</p> <p>Overall, there is general conformance to the Global Internal Audit Standards in the UK Public Sector.</p>	<p>An internal audit function that generally conforms to the Global Internal Audit Standards in the UK Public Sector provides a high level of assurance to senior management and the audit committee of a highly professional service. Quality and professionalism are firmly embedded within the function.</p> <p>This conclusion evidences that internal audit is effective for the authority's annual governance statement. (Applicable for local government bodies only.)</p>
Partially conforms	<p>The internal audit function is endeavouring to deliver an effective service; however, they are falling short of achieving some of their objectives and/or generally conforming to the standards and elements of the Code of Practice and UK Application Note. There will usually be significant opportunities to improve the delivery of effective internal audit and enhance conformance.</p> <p>The internal audit function may be aware of some of these opportunities and the areas they need to develop. Some identified deficiencies may be beyond the full control of internal audit and may result in actions for senior management or the board of the organisation to address.</p>	<p>An internal audit function that partially conforms to the Global Internal Audit Standards in the UK Public Sector provides assurance to senior management and the audit committee of a professional service in some areas but not all. Further work is needed to embed quality and professionalism within the function.</p> <p>This conclusion does not provide sufficient evidence that internal audit as a core arrangement is fully in place and improvement actions should be highlighted in the authority's annual governance statement. (Applicable for local government bodies only.)</p>
Does not conform	<p>The internal audit service is failing to achieve a significant number of the individual standards, elements of the Code of Practice and UK Application Note. These deficiencies will usually have a significant adverse impact on internal audit's effectiveness and its potential to add value. There are significant opportunities for improvement to internal audit.</p> <p>Some identified deficiencies may be beyond the full control of internal audit and may result in recommendations to senior management or the board of the organisation.</p>	<p>Where internal audit function does not conform to the Global Internal Audit Standards in the UK Public Sector, senior management and the audit committee do not have assurance of a professional service. Significant work is needed to embed quality and professionalism within the function.</p> <p>This conclusion does not provide sufficient evidence that internal audit as a core arrangement is fully in place and improvement actions should be highlighted in the authority's annual governance statement. (Applicable for local government bodies only.)</p>

Action Priorities	Criteria
High priority	The internal audit function needs to rectify a significant issue of non-conformance with the standards. Remedial action to resolve the issue should be taken urgently.
Medium priority	The internal audit function needs to rectify a moderate issue of conformance with the standards. Remedial action to resolve the issue should be taken, ideally within a reasonable time scale, for example six months.
Low priority	The internal audit function should consider rectifying a minor issue of conformance with the standards. Remedial action to resolve the issue should be considered but the issue is not urgent.
Advisory	These are issues identified during the course of the EQA that do not adversely impact the service's conformance with the standards. Typically, they include areas of enhancement to existing operations and the adoption of best practice.

15. Disclaimer

This report has been prepared by CIPFA at the request of Rotherham Metropolitan Borough Council, and the terms for the preparation and scope of the report have been agreed with them. The matters raised are only those that came to our attention during our work. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, we have only been able to base findings on the information and documentation provided to us. Consequently, no complete guarantee can be given that this report is necessarily a comprehensive statement of all the issues that exist with their conformance to the Global Internal Auditing Standards in the UK Public Sector that exist, or of all the improvements that may be required.

The report was prepared solely for the use and benefit of Rotherham Metropolitan Borough Council and the Internal Audit Function's client's, and to the fullest extent permitted by law, CIPFA accepts no responsibility and disclaims all liability to any other third party who purports to use or rely, for any reason whatsoever on the report, its contents, conclusions, any extract, and/or reinterpretation of its contents. Accordingly, any reliance placed on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

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CIPFA External Quality Assessment of Conformance with the Global Internal Audit Standards in the UK Public Sector

Draft Action plan

Issues for management action	Response	Timescale for completion
<p>Action point 2</p> <p>(Std 5.2) Establish a formal Service Level Agreement (SLA) between the authority and Salford IT audit services to mitigate potential legal and regulatory risks associated with third-party data protection and accountability. Senior management and the Monitoring Officer should evaluate the risks inherent in the current absence of an SLA, report findings to the board, and assess whether similar risk exposures exist across other authority contracts.</p> <p>(High priority)</p>	<p>An SLA between RMBC IA Services and Salford Technical audit services has been received. This has been reviewed and agreed by information governance, subject to one insertion. Legal Services are currently reviewing the SLA.</p> <p>The SLA includes provisions relating to treating information received and reported with strict confidentiality, and that all reasonable steps are taken to secure information to minimise the chance of loss. It also includes document retention requirements.</p> <p>It should be noted that an external assessment of Salford IA Service was undertaken in 2024 and the conclusion was general conformance with the standards (PSIAS). PSIAS included requirements regarding the confidentiality and use of information.</p> <p>Audit discussions with the Senior Information Risk Officer has confirmed that all data sharing with any third party is setup through formalised and agreed Data Sharing Agreements. These are held by the Information Governance Team who review them on a regular basis.</p>	31 May 2026

Issues for management action	Response	Timescale for completion
<p>Action point 4</p> <p>(Std 7.1) The board and senior management should ensure implementation of clear, robust safeguards over the HIA's whistleblowing and also the HIA's broader responsibilities for AFC. This should include prompt review of the HIA's dual responsibilities as the Whistleblowing Officer and investigator for fraud and corruption cases, as combining these roles risks impairing independence. Consideration should be given to implementing a separate, independent assurance mechanism specifically tasked with providing assurance over the HIA's involvement in the whistleblowing process and the HIA's wider AFC responsibilities.</p> <p>(High priority)</p>	<p>The current whistleblowing and anti fraud and corruption arrangements are summarised below;-</p> <p>Whistleblowing The HIA is one of four officers and decision making on cases is not solely made by the HIA. There is a further assurance mechanism for whistleblowing in that all cases are discussed at a quarterly Statutory Officers meeting (which includes the CEX, S151 and Monitoring Officer) which provides an element of challenge and assurance regarding work being undertaken by Internal Audit. In addition, the Head of Legal reports the whistleblowing cases to the Standards and Ethics Committee.</p> <p>AFC The scope of any investigation relating to fraud and corruption is discussed and agreed by the S151 Officer. The fraud investigation reports are shared at draft stage with the S151 Officer for review and assurance regarding the work undertaken. The AFC Policy and Strategy and arrangements are reviewed by a member of the IA team, who then report the results/updates to the HIA. The HIA is then responsible for presenting these to the Audit Committee.</p> <p>These arrangements have been in place for some time and in practice operate effectively. No concerns have been raised regarding the operation</p>	<p>30 September 2026</p>

Issues for management action	Response	Timescale for completion
	<p>of the current arrangements and therefore it is considered that they are sufficient with respect to independence.</p> <p>This finding has been discussed with the Heads of Audit Yorkshire and Lincolnshire group who have similar arrangements. A cross authority solution (peer review of arrangements) is available.</p> <p>The Strategic Leadership Team would like the Head of Internal Audit to arrange a local authority peer review to assess and provide assurance over the arrangements.</p>	
<p>Action point 3</p> <p>(Std 6.1) It is recommended that senior management strengthen assurance mapping; whilst this is not the responsibility of the internal audit function they can support, advise and contribute to this activity. Comprehensive assurance mapping should include both internal and external assurance providers, thereby facilitating improved coordination, avoiding duplication, and enabling the board and senior management to accurately determine the optimal scope and types of internal audit services required.</p> <p>(Medium Priority)</p>	<p>Developing the assurance framework is included in the IA Strategy with three strategic initiatives and actions assigned for development during 2026/27 and 2027/28.</p> <p>Actions for 2026/27 in the IA Strategy were:-</p> <p>Engage with risk management, governance and business intelligence colleagues to enhance understanding of current sources of assurance (both internal assurance providers and external).</p> <p>Identify key external assurance providers and reporting mechanisms into the Council. Review external assurance outputs and review opportunities for collaborative working.</p>	31 March 2027

Issues for management action	Response	Timescale for completion
	<p>Further integrate the assurance into audit planning in 2026/27 and future years.</p> <p>The Assurance Framework guidance issued by CIPFA has been obtained. This should guide the development of the framework.</p> <p>It is recognised in the report that this is not the responsibility of Internal Audit. This will be taken forwards by the Policy, Strategy and Engagement Directorate. Internal Audit will work with the Directorate as outlined in the strategic initiatives above during 2026/27 and contribute to the development of an assurance framework for the authority.</p>	
<p>Action point 5</p> <p>(Std 13.4) We suggest including explicit Value for Money (VFM) considerations for evaluation criteria within all new internal audit research, briefing, and scope documentation. (Low priority)</p>	<p>Value for Money considerations have now been included in the research document and audit brief as a prompt for the auditors.</p> <p>These documents will be discussed in a team training session on the 17th February and will be used from this date.</p>	Complete
<p>Action point 1</p> <p>(Std 3.2) We recommend strengthening internal auditors' mandatory recording and retention of all Continuing Professional Development (CPD) records to ensure the</p>	<p>The importance of keeping CPD records up to date has been re-enforced in a team meeting.</p>	<p>30 June 2026</p> <p>(Mid year review)</p>

Issues for management action	Response	Timescale for completion
documentation comprehensively supports training undertaken. (Low priority)	CPD records will be reviewed as part of the My Year Ahead Plan six monthly and annual reviews.	
Advisory point 1 (Std 1.2) Implement mandatory annual refresher training encompassing Domain II ethics, the Nolan Principles, FOI legislation, annual Code of Conduct affirmation, and financial procurement rules. (Advisory)	Ethics training was undertaken by all of the audit team in November 2024 and again in May 2025. Annual refresher training has been included in the IA training and development plan. Training on all these areas will be undertaken in a team training session on the 17 th February.	Complete
Advisory point 2 (Std 3.2) To enhance actionable planning and responsiveness, the current Training and Development Plan could be restructured into two distinct parts, clearly separating strategic long-term competency development from tactical, immediate training requirements, complete with specific deliverables and timelines. (Advisory)	Longer term workforce planning and professional development is included in the Audit Strategy. This clearly sets out the strategic long term competency development areas for the service. An amendment has been made to the Training and Development Plan to make clear the specific deliverables and timelines. This is an annual plan which focuses on shorter term objectives.	Complete
Advisory point 3 (Std 6.3) Enhance governance transparency by ensuring full attendance details, especially noting the participation of senior management and the Head of Internal Audit, are clearly documented up front in public-facing audit committee minutes and online records. Failure to provide	This will be taken forwards by Governance Services at the start of the new Civic Year.	1 June 2026

Issues for management action	Response	Timescale for completion
<p>conspicuous evidence of senior leadership support risks undermining the perceived authority and gravity of the audit committee's oversight function. (Advisory)</p>		
<p>Advisory point 10</p> <p>(Std 14.3) To enhance management's clarity in prioritizing remedial actions, modify audit reports or action plans to explicitly document the likelihood and impact of identified risks, adopting a structured approach, maybe using a scoring matrix or incorporating functionality from audit management software. (Advisory)</p>	<p>This was discussed at the Strategic Leadership Team meeting and the current reporting approach was agreed to be retained.</p>	<p>Not applicable</p>
<p>Advisory point 5</p> <p>(Std 9.1) Ensure annual training updates for internal auditors incorporate value for money (VFM) topics, ideally expanded to include comprehensive VFM audit methodology training. (Advisory)</p>	<p>This had already been identified as an action via our self-assessment. This has been included in the 2026-27 Training and Development Plan and will be undertaken during the year.</p>	<p>31 March 2027</p>
<p>Advisory point 6</p> <p>(Std 10.2) To strengthen resilience and internal capacity, evaluate and pursue training opportunities for a current internal audit staff member to obtain a relevant IT audit qualification (such as CISA or equivalent), thereby ensuring access to up-to-date expertise, ability to provide qualified quality assurance and review over the</p>	<p>Not agreed.</p> <p>Salford Technical Audit Services have their own quality assurance arrangements to assure over their work/outputs. We review the scope of their work and the draft report independently, based on our audit knowledge and experience, and to help to</p>	<p>Not applicable</p>

Issues for management action	Response	Timescale for completion
<p>outsourced IT function and provide in-house insight within the internal audit team over the many challenges of technological change, such as IT AI governance.</p> <p>(Advisory)</p>	<p>ensure the feasibility of recommendations raised within the structure of our council.</p> <p>The succession planning at present surrounds building resilience at the trainee auditor level and also strengthening the teams knowledge in areas of technological advancement such as data analytics and AI in audit.</p> <p>Due to the size of the audit team and the priorities referred to above, focus on a CISA qualification is not feasible at the present time, but will be reconsidered when the Audit Strategy is refreshed.</p>	
<p>Advisory point 7</p> <p>(Std 12.2) The HIA, collaborating with the audit committee and senior management should consider conducting a strategic review to strengthen the Internal Audit function's Key Performance Indicators (kpis) metrics, moving beyond solely delivery metrics to adopt a balanced scorecard approach incorporating Quality and Conformance, and Value for Money (VFM). These updated kpis should be sufficiently challenging yet pragmatic, aligning with the strategic focus areas defined by those charged with governance to effectively monitor the function's performance and continuous improvement.</p> <p>(Advisory)</p>	<p>A comprehensive review of KPI's will be undertaken over the summer period, in consultation with senior management the Audit Committee.</p>	<p>September 2026 Audit Committee</p>

Issues for management action	Response	Timescale for completion
<p>Advisory point 8</p> <p>(Std 13.2) It is suggested that the new Engagement Assessment brief makes noting risk more explicit in the sections marked cumulative knowledge and research. There is more that could be done to document the specific risks relating to fraud and developing evaluation and prioritisation of risks. (Advisory)</p>	<p>The audit scoping document has now been updated in accordance with the suggestions at advisory points 8 and 9.</p> <p>These documents will be discussed in a team training session on the 17th February and will be used from this date.</p>	Complete
<p>Advisory point 4</p> <p>(Code 2.1) To ensure the audit committee's official documentation aligns with best governance practice and the Code, update the audit committee Terms of Reference (TOR) to formally incorporate the committee's duties to provide feedback on the HIA's proposed job description and contribution, by the Audit Chair, to the annual performance evaluation of the HIA. (Advisory)</p>	<p>The Executive Director of Corporate Services will ensure input from the Chair of Audit Committee is included in the HIA's MYAP/PDR process.</p> <p>The current arrangements with regards to the recruitment of the Head of Internal Audit will be retained. The job description will be reviewed by Human Resources in line with Council procedures prior to advertisement. It would be expected that the recruitment panel would comprise the Executive Director of Customer Services and the Service Director – Legal Services, in line with previous arrangements.</p>	30 September 2026
<p>Advisory point 9</p> <p>(Std 13.2) The audit work programmes clearly show the team are identifying criteria, under GIAS there is a requirement to document this at the planning stage as part of the engagement risk assessment. The new</p>	<p>The audit scoping document and research brief have been updated in accordance with the suggestions at advisory points 8 and 9.</p>	Complete

Issues for management action	Response	Timescale for completion
Engagement Brief could be strengthened to analyse this out with a complete list, reviewed and assessed of all criteria used to measure whether the entity is achieving its objectives to enhance risk assessment.(Advisory)	These documents will be discussed in a team training session on the 17 th February and will be used from this date.	

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Internal Audit Charter 2026/27

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1. Introduction

1.1 The Internal Audit Charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. The Internal Audit Charter establishes the activity's position within the organisation, including the nature of the Head of Internal Audit's functional reporting relationship with the 'board'; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the Internal Audit Charter resides with the 'board'.

1.2 Internal Audit's Mandate

Internal audit is a statutory requirement for local authorities. This is internal audit's mandate in UK local government. The two pieces of legislation that impact upon internal audit in local authorities are:

- The Accounts and Audit (England) Regulations 2015 states that "each principal authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."
- Section 151 of the Local Government Act 1972 requires every authority to make arrangements for the administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs. CIPFA has defined 'proper administration' in that it should include 'compliance with the statutory requirements for accounting and internal audit'.

1.3 The internal audit function is required to comply with the Global Internal Audit Standards (GIAS) subject to the interpretations and additional requirements set out in the Application Note (Global Internal Audit Standards in the UK Public Sector). CIPFA has produced a Code of Practice for the Governance of Internal Audit in UK Local Government. The Code is designed to work alongside the new internal audit standards and applies to all authorities within the scope of the statutory regulations on internal audit. From the 1st April 2025 the requirements of the GIAS, the Application Note and the Code apply to work on internal audit engagements commenced on or after this date.

The GIAS includes the following:

- Domain 1 – Purpose of Internal Auditing
- Domain 2 – Ethics and Professionalism
- Domain 3 – Governing the Internal Audit Function
- Domain 4 – Managing the Internal Audit Function
- Domain 5 – Performing Internal Audit Services

1.4 Within each domain (except Domain 1) there are principles and under each principle are sets of standards with requirements (mandatory elements) and considerations for implementation (non-mandatory elements).

1.5 CIPFA has developed the Code of Practice for the Governance of Internal Audit in UK Local Government (the Code) to support authorities in establishing their internal audit arrangements and providing oversight and support for internal audit. The Code is designed to work alongside new internal audit standards and replaces the organisational responsibilities set out in the Statement on the role of the head of internal audit 2019. It applies to all authorities within the scope of the statutory regulations on internal audit as referred to in paragraph 1.2 above.

1.6 GIAS state that the charter must specify as a minimum the internal audit function's:

- Purpose of Internal Auditing
- Commitment to adhering to the Global Internal Audit Standards
- Mandate, including scope and types of services to be provided, and the Board's responsibilities and expectations regarding management's support of the internal audit function
- Organisational position and reporting relationships

The Chief Audit Executive must discuss the proposed charter with the board and senior management to confirm that it accurately reflects their understanding and expectations of the internal audit function.

1.7 Within Rotherham Council:

- 'Chief Audit Executive' is the Head of Internal Audit
- 'board' refers to the Audit Committee;
- 'senior management' refers to the Chief Executive, Director of Policy, Strategy and Engagement and Executive Directors.

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

- Communicate with the Audit Committee and Head of Internal Audit about managements' expectations that should be considered for inclusion in the internal audit charter
- Input to the risk-based internal audit plan;
- Receive periodic reports from the Head of Internal Audit on internal audit activity; that includes follow-up reports; and
- Receive the results of the quality assurance and improvement programme from the Head of Internal Audit.

1.9 The GIAS lays out the role of a "board", which is to establish, maintain and ensure that the council's internal audit function has sufficient authority to fulfil its duties as follows:

- Discuss with the Head of Internal Audit and senior management the appropriate authority, role, responsibilities, scope and services (assurance and advisory) of the internal audit function

- Ensure the Head of Internal Audit has unrestricted access to and communicates and interacts directly with the Audit Committee, including in private meetings without senior management present.
- Discuss with the Head of Internal Audit (and senior management) other topics that should be included in the internal audit charter to enable an effective internal audit function.
- Approve the internal audit charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter on an annual basis with the Head of Internal Audit to consider changes affecting the organisation, such as the employment of a new Head of Internal Audit or changes in the type, severity, and interdependence of risks to the organisation.
- Approve the risk-based internal audit plan.
- Receiving communication from the Head of Internal Audit on internal audit performance relative to its plan and other matters.
- Receive an annual confirmation from the Head of Internal Audit with regard to the organisational independence of the internal audit activity.
- Receive the results of the quality assurance and improvement programme on an annual basis from the Head of Internal Audit.
- Make appropriate enquiries of management and the Head of Internal Audit to determine whether there are inappropriate scope or resource limitations.
- Receive the Head of Internal Audit's Annual Report, timed to support the Annual Governance Statement.
- Review and provide input to senior management on the Head of Internal Audit's performance.

1.10 The Head of Internal Audit reports functionally to the "board" and reports administratively to the Executive Director Corporate Services. The Internal Audit Service is part of the Corporate Services Directorate.

2. Purpose of Internal Auditing and commitment to adhering to the Standards

- 2.1 The purpose of the internal audit function of Rotherham Council is to strengthen its ability to create, protect, and sustain value by providing the Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.
- 2.2 The internal audit function enhances the council's;
- Successful achievement of its objectives
 - Governance, risk management, and control processes
 - Decision-making and oversight
 - Reputation and credibility with its stakeholders
 - Ability to serve the public interest
- 2.3 The Council's internal audit function is most effective when;
- It is performed by competent professionals in conformance with the Global Internal Audit Standards (UK public sector), which are set in the public interest

- The internal audit function is independently positioned with direct accountability to the Audit Committee
- Internal auditors are free from undue influence and committed to making objective assessments.

2.4 The Council's internal audit function commits to adhere to the GIAS in the UK Public Sector. The Code of Practice for the Governance of Internal Audit in UK Local Government will be applied to address the essential conditions in relation to governance. The Head of Internal Audit will report annually to the Audit Committee and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through the quality assurance and improvement programme.

3. Independence

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

3.2 The Head of Internal Audit:

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

3.3 Internal Audit activity is free from interference in determining the scope of activity, performing work and communicating results. It is independent of all activities that it audits to enable auditors to perform their duties in a way that allows them to make impartial and effective professional judgements and recommendations without giving rise to conflicts of interest. Internal auditors have no direct operational responsibility or authority over any of the activities they review. Accordingly, they do not develop or install systems or procedures, prepare records, or engage in any other activity which would normally be audited. Internal auditors will not be used on internal audit engagements where they have had direct involvement in the area within the last 12 months.

3.4 The Head of Internal Audit is a member of the Corporate Governance Group, tasked with the production of the Annual Governance Statement. The Annual Governance Statement is prepared by the Policy, Performance and Risk Manager who is a member of this group.

3.5 The Head of Internal Audit is a Whistleblowing Officer, responsible with the Executive Director of Corporate Services, the Service Director – HR and OD and the Head of Legal Services for the Whistleblowing Policy and procedures. Decision making on cases is not solely made by the Head of Internal Audit. There is a further assurance mechanism for whistleblowing in that all cases are discussed at a quarterly Statutory Officers meeting (which includes the CEX, S151 and Monitoring Officer) which provides an element of challenge and

assurance regarding work being undertaken by Internal Audit. In addition, the Head of Legal reports the whistleblowing cases to the Standards and Ethics Committee.

- 3.6 The Head of Internal Audit also manages the Council's counter fraud arrangements. This includes responsibility for the Anti-Fraud and Corruption Policy and Strategy, the Anti-Money Laundering Policy, responsibility for fraud or corruption investigations and provision of counter fraud training and communications. The scope of any investigation relating to fraud and corruption is discussed and agreed by the S151 Officer. The fraud investigation reports are shared at draft stage with the S151 Officer for review and assurance regarding the work undertaken. The Anti-Fraud and Corruption Policy and Strategy and arrangements are reviewed by a member of the Internal Audit team, who then report the results/updates to the Head of Internal Audit. The Head of Internal Audit is then responsible for presenting these to the Audit Committee.
- 3.7 Arrangements will be made for periodic reviews of the Whistleblowing and Anti-Fraud and Corruption arrangements by another local authority, to satisfy the independence requirements of GIAS (UK Public Sector).

4. Ethics and Professionalism

- 4.1 The principles and standards in the Ethics and Professionalism domain of the GIAS replace the Institute of Internal Audits former Code of Ethics and outline the behavioural expectations for professional internal auditors.

All internal auditors are required to:-

- Conform with the GIAS including principles of Ethics and Professionalism; integrity, objectivity, competency, due professional care and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the council.
- Report organisational behaviour that is inconsistent with the council's ethical expectations, as described in policies and procedures.

Objectivity

- 4.2 The Head of Internal Audit will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Head of Internal Audit determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.
- 4.3 Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product,

do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

4.4 Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for the council or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any council employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

4.5 Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

4.6 Internal auditors who work in the UK public sector must also apply the Seven Principles of Public Life (the Nolan Principles). They must also be aware of the Council's policies and procedures for routine publication of certain information and where there are statutory obligations to share or publish information.

5. Authority

5.1 The Head of Internal Audit and internal audit staff have the authority to:

- Enter any Council premises and access Council records, assets, personnel and premises, including accounting records, documents, invoices, vouchers, correspondence and other data, whether held manually or electronically, the examination of which is necessary for the proper performance of internal audit duties.
- Require prompt response, every assistance, all information and explanation from any Council employees or Council Members necessary for the internal auditors to carry out their audit duties.
- Require any officer of the Council to account for cash, stores or any other Council asset under their control.

- Access as listed above, depending on the terms of the contract with the partner organisation, those items held by contractors / partner organisations that affect the business of Rotherham Council or its control environment.

6. Role and Scope of Internal Audit Work

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

6.2 This involves:

- Supporting the delivery of the council's strategic objectives by providing risk-based and objective assurance on the adequacy and effectiveness of governance, risk management and internal controls.
- Championing good practice in governance through assurance, advice and contributing to the authority's annual governance review.
- Appraising the relevance, reliability and integrity of information;
- Reviewing compliance with those policies, plans, procedures, statutory requirements and regulations which could have a significant impact on the achievement of the Council's objectives and business operations;
- Reviewing the means of safeguarding assets and as appropriate verifying the existence of such assets;
- Appraising the economy, efficiency and effectiveness with which resources are employed, and the delivery of services in a best value manner;
- Advising on governance, risk management and internal control arrangements for major projects, programmes and system changes.
- Maintaining a program of review and assessment to enhance the integrity and usefulness of the Council's risk management processes;
- Maintaining a program of development, review and audit in relation to quality improvement and assurance methods;
- Assisting management in conducting special assignments and investigations into any matter or activity affecting the interests of the Council.

6.3 The internal audit coverage embraces the entire control environment of the Council, and extends to all areas of the Council and its controlled entities.

6.4 Particular attention is given to any aspects of the control environment affected by significant changes to the Council's risk environment.

6.5 Internal audit completes advisory / consultancy work in agreement with senior management by responding to requests for audit reviews and by contributing to projects and working groups throughout the Council.

6.6 Internal audit provides advice and practical support to service management in investigating fraud. Any allegation of fraud and corruption received is followed-up in accordance with the agreed procedures of the Anti-Fraud and Corruption Policy, Whistleblowing Policy and Disciplinary Procedures.

6.7 The Council also participates in the biennial National Fraud Initiative. Internal audit administers the initiative.

- 6.8 Where the Council has entered into a partnership with other organisations the partnership arrangement will be subject to review. In addition, where Rotherham Council is the lead authority of a partnership or collaboration, the work undertaken will be subject to review by Rotherham Council's Internal Audit Service.
- 6.9 Internal audit may undertake work for new clients by extending its work to third parties. All engagements will be performed in accordance with this Charter to an agreed schedule of audit days. The scope of Internal audit's work for external bodies is primarily to provide assurance relating to the bodies' systems of internal control, although the bodies might also ask for additional consultancy work to be conducted. Where appropriate, internal audit might also be asked to assist in or carry out investigations into suspected irregularities. Example of this work is where internal audit carry out work for academies.

7. Responsibilities

- 7.1 It should be noted that internal audit is not responsible for the operation of control functions within the Council; these responsibilities rest with management. Internal audit should not be regarded as a substitute for good management.
- 7.2 The primary task of internal audit is to review the systems of internal control operating throughout the authority, and in doing this it adopts a predominantly risk-based approach to audit.
- 7.3 The Head of Internal Audit is required to manage the provision of a complete audit service to the Council that includes risk-based, systems, and advisory audit in addition to the investigation of potential fraud and irregularity. In discharge of this duty the Head of Internal Audit has a responsibility to:
- Prepare and implement an effective strategic and annual internal audit plan, providing for the review of significant operations of the Council based on an assessment of risk pertaining to the achievement of Council objectives.
 - Discuss the plan with senior management and the Audit Committee and submit the plan to the Audit Committee for review and approval.
 - Review and adjust the audit plan as necessary, in response to changes in the council's risks, operations, programmes, systems and controls.
 - Communicate with senior management and the Audit Committee if there are significant interim changes to the internal audit plan.
 - Ensure that the scopes and boundaries of individual audit assignments are in line with the plan.
 - Highlight significant risk exposures and control issues including fraud risks and governance issues, and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
 - Undertake action tracking to gain management assurance that they have implemented agreed internal control improvements within specified and agreed timeframes.

- Undertake follow up reviews where the original audit resulted in a Partial or No Assurance opinion.
- Ensure a system of close supervision of audit work.
- Maintain the appropriate auditing standards as defined by the GIAS and the Application Note.
- Maintain a Quality Assurance and Improvement Programme including annual internal assessments and external assessments at least every five years.
- Report the results of assessments to the Audit Committee and state that the service conforms with the standards or disclose any non-conformance.
- Develop, implement and have oversight of internal audit methods and procedures, including the maintenance of an Audit Manual.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills and other competencies and qualifications needed to meet the requirements of the standards and to fulfil the internal audit mandate.
- Liaise with the external auditor to provide consistent advice to management and the Audit Committee.
- Prepare reports on audit and investigation activities for presentation to the Audit Committee, and other reports as may be required.
- Utilise designated internal audit resources to maximise the efficiency and effectiveness of the internal audit function.
- Communicate the impact of resource limitations on the internal audit plan to senior management and the Audit Committee.

8. Audit Reports

- 8.1 All standard audit assignments are the subject of formal reports. Draft reports are issued to the manager of the area under review. Discussions are then held to reach agreement on the factual accuracy of findings and the necessary actions. After agreement, final reports are issued to management and the respective Executive Director/Director of Policy, Strategy and Engagement. The Head of Internal Audit considers the release of investigation reports on a case by case basis.
- 8.2 All reports are submitted to the Chief Executive and Leader of the Council. A summary of reports is presented to SLT meetings to inform all Executive Directors and the Director of Policy, Strategy and Engagement of areas of concern within the Council.
- 8.3 Progress Reports are presented to the Audit Committee on a quarterly basis summarising outcomes of audit activities. The reports contain significant findings and issues arising from the internal audit work undertaken.
- 8.4 The Progress Reports include the tracking of audit recommendations, any agreed actions that are not implemented within the agreed timescales and any failure of managers to respond to requests for information relating to the implementation of recommendations within the set time limits.
- 8.5 The Head of Internal Audit submits an annual report to the Audit Committee timed to support the Annual Governance Statement which includes:

- An annual internal audit opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
- Any qualifications to the opinion, together with the reasons for those qualifications
- Disclosure of any impairments to independence or objectivity
- A summary of the audit work from which the opinion is derived (including reliance placed on work by other assurance bodies).
- Any particular control weaknesses judged to be relevant to the preparation of the annual governance statement.
- A comparison of work undertaken against planned work and a summary of performance of internal audit against performance targets
- A statement on conformance with the auditing standards and the results of the Internal Audit Quality Assurance and Improvement Programme.

8.6 In giving the opinion it should be noted that assurance can never be absolute, the most that can be provided is a reasonable assurance that there are no major weaknesses in governance, risk management and control processes.

9. Relationships and escalation routes

- 9.1 To provide optimum benefit to the organisation, internal audit works in partnership with management to improve the control environment and assist the organisation in achieving its objectives.
- 9.2 The internal audit function, as part of an effective process of service delivery, maintains good and effective working relationships with its clients and with those charged with responsibility for partner organisations.
- 9.3 It also maintains effective working relationships with the Audit Committee, the Chief Executive, the Executive Director Corporate Services, the Monitoring Officer, the External Auditor, other inspection and agency teams, and the Council's Members, management and employees.
- 9.4 Internal audit is not responsible for the management of the Council's risks; this is the responsibility of the Council's management. However, internal audit takes account of the corporate risk management processes in the way it relates to managers in the control of risks. Emphasis is placed on the importance of risk management to all managers in the Council as part of the delivery of the internal audit service. Internal audit regularly reviews the Council's risk management arrangements as an integral aspect of its work.
- 9.5 Internal audit's work assists managers to better understand risk management. This is an important educational / informative role that adds value to the organisation where appropriate. All reports that have No Assurance or Partial Assurance are submitted to the Policy, Improvement and Risk Manager so that findings can be considered for inclusion in risk registers to ensure they are kept up-to-date and relevant.

- 9.6 In the rare cases where there the Head of Internal Audit concludes that management have accepted a level of risk that exceeds the council's risk tolerance, this will be escalated in the first instance to the Service Director of the relevant service area. Concerns will be shared and management's perspective will be understood and an updated action plan agreed. If this matter is still not resolved this will then be escalated to the Executive Director responsible for the service or Director of Policy, Strategy and Engagement. If disagreement still occurs and the risks are considered to be unacceptable, this will then be escalated to the Chief Executive. If this matter has still not been resolved this will be escalated to the Audit Committee.
- 9.7 If internal auditors and management disagree about the audit recommendations and/or action plans, internal auditors will follow the approach set out in paragraph 9.6 above to allow both parties to express their positions and rationale and to determine a resolution.
- 9.8 Where the Council has partnership arrangements, the Head of Internal Audit ensures that there is effective and efficient control environment which takes account of the governance, risk and control framework of the partner body, and that the risks associated with such an arrangement are subject to internal audit review. Suitable protocols are in place where these safeguard the Council's interests for effective internal audit.
- 9.9 Where there are incidents of fraud the Head of Internal Audit advises or intervenes as appropriate in ensuring that there is suitable involvement with the Police or other agencies and seeks to maintain effective working relationships with them.
- 9.10 Internal audit comments on the efficient, economic and effective use of resources, where appropriate, in both the routine internal audit work and also where specifically charged with evaluating value for money / efficiency improvements.

10. Resources and Prioritisation

- 10.1 Internal audit endeavours to maintain an effective number of staff to undertake the required workload, supported by effective systems of operation. Internal audit applies staff in the most effective way in accordance with their experience and skills and in accordance with the audit standards.
- 10.2 The Head of Internal Audit, s151 Officer and Audit Committee all have a responsibility to ensure Internal Audit has sufficient resources to enable it to fulfil its mandate. Significant matters that jeopardise the delivery of the plan or require changes to the plan will be identified, addressed and reported to the Audit Committee.
- 10.3 Internal audit's annual planning process sets out clearly the range of work it expects to do.
- Risk-based Audits
This refers to our work on assessing the management of the key risks currently facing the Council which includes the work on key financial

systems that helps the S151 Officer to fulfil their statutory responsibilities for proper financial administration and control.

- **Advisory Work**
This refers to our work on supporting continuous improvement by reviewing change projects and systems developments and by contributing to working groups
- **Follow Up Audits**
All reports that give an overall opinion of either Partial Assurance or No Assurance are subject to a follow up after six months or when the implementation dates of actions have been reached.
- **Responsive Work**
This refers to responding to requests from management for additional work.
- **Investigations**
Responding to the need to investigate potential fraud and irregularity.
- **Work for External Bodies**
There may be some work arising that does not fall into these headings such as income earning work for external bodies such as audit work for academy schools.

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

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

10.6 Where there are any deficiencies arising in resources at any stage, the Head of Internal Audit and Executive Director Corporate Services will, firstly, try to provide additional audit support to the section. Where it becomes necessary to limit the amount of work it is possible for the Service to do, lower priority audits will be removed from the plan first. Should further amendments to the plan be required, follow up and responsive work will be reduced.

10.7 Internal audit annually carries out a review of the skills within the team and any development needs, linked to operational requirements. Training and development is prioritised to reflect the needs of the service and individuals. This enables the service to maintain appropriate expertise for the delivery of the audit plan and strategy and to continuously adapt to new developments.

10.8 Where necessary, appropriate staff from within the Council or from external sources, will be obtained to complete specialist reviews. ICT audit reviews are completed by Salford Technical Audit Services, who have the specialist staff and expertise necessary to carry them out.

11. Fraud and Corruption

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

12. Performance Reporting

- 12.1 Performance indicators for internal audit are reported to each Audit Committee meeting and the Executive Director Corporate Services.

13. Definition of Consulting Services

- 13.1 Consulting services are defined as follows: "Advisory and client related service activities, the nature and scope of which are agreed with the client, are intended

to add value and improve an organisation's governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training.

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

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



Internal Audit Charter 202~~56~~-/~~67~~

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1. Introduction

1.1 The Internal Audit Charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. The internal audit charter establishes the activity's position within the organisation, including the nature of the Head of Internal Audit's functional reporting relationship with the 'board'; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the 'board'.

1.2 Internal Audit's Mandate

Internal audit is a statutory requirement for local authorities. This is internal audit's mandate in UK local government. The two pieces of legislation that impact upon internal audit in local authorities are:

- The Accounts and Audit (England) Regulations 2015 states that "each principal authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."
- Section 151 of the Local Government Act 1972 requires every authority to make arrangements for the administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs. CIPFA has defined 'proper administration' in that it should include 'compliance with the statutory requirements for accounting and internal audit'.

1.3 The internal audit function is required to comply with the Global Internal Audit Standards (GIAS) subject to the interpretations and additional requirements set out in the Application Note (Global Internal Audit Standards in the UK Public Sector). CIPFA has produced a Code of Practice for the Governance of Internal Audit in UK Local Government. The Code is designed to work alongside the new internal audit standards and applies to all authorities within the scope of the statutory regulations on internal audit. From the 1st April 2025 the requirements of the GIAS, the Application Note and the Code apply to work on internal audit engagements commenced on or after this date.

The GIAS includes the following:

- Domain 1 – Purpose of Internal Auditing
- Domain 2 – Ethics and Professionalism
- Domain 3 – Governing the Internal Audit Function
- Domain 4 – Managing the Internal Audit Function
- Domain 5 – Performing Internal Audit Services

1.4 Within each domain (except Domain 1) there are principles and under each principle are sets of standards with requirements (mandatory elements) and considerations for implementation (non-mandatory elements).

1.5 CIPFA has developed the Code of Practice for the Governance of Internal Audit in UK Local Government (the Code) to support authorities in establishing their internal audit arrangements and providing oversight and support for internal audit. The Code is designed to work alongside new internal audit standards and replaces the organisational responsibilities set out in the Statement on the role of the head of internal audit 2019. It applies to all authorities within the scope of the statutory regulations on internal audit as referred to in paragraph 1.2 above.

1.6 GIAS state that the charter must specify as a minimum the internal audit function's:

- Purpose of Internal Auditing
- Commitment to adhering to the Global Internal Audit Standards
- Mandate, including scope and types of services to be provided, and the Board's responsibilities and expectations regarding management's support of the internal audit function
- Organisational position and reporting relationships

The Chief Audit Executive must discuss the proposed charter with the board and senior management to confirm that it accurately reflects their understanding and expectations of the internal audit function.

1.7 Within Rotherham Council:

- 'Chief Audit Executive' is the Head of Internal Audit
- 'board' refers to the Audit Committee;
- 'senior management' refers to the Chief Executive, ~~Assistant Chief Executive and Strategic Directors~~ Director of Policy, Strategy and Engagement and Executive Directors.

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

- Communicate with the Audit Committee and Head of Internal Audit about managements' expectations that should be considered for inclusion in the internal audit charter
- Input to the risk based internal audit plan;
- Receive periodic reports from the Head of Internal Audit on internal audit activity; that includes follow-up reports; and
- Receive the results of the quality assurance and improvement programme from the Head of Internal Audit.

1.9 The GIAS lays out the role of a "board", which is to establish, maintain and ensure that the council's internal audit function has sufficient authority to fulfil its duties as follows:

- Discuss with the Head of Internal Audit and senior management the appropriate authority, role, responsibilities, scope and services (assurance and advisory) of the internal audit function

- Ensure the Head of Internal Audit has unrestricted access to and communicates and interacts directly with the Audit Committee, including in private meetings without senior management present.
- Discuss with the Head of Internal Audit (and senior management) other topics that should be included in the internal audit charter to enable an effective internal audit function.
- Approve the internal audit charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter on an annual basis with the Head of Internal Audit to consider changes affecting the organisation, such as the employment of a new Head of Internal Audit or changes in the type, severity, and interdependence of risks to the organisation.
- Approve the risk based internal audit plan.
- Receiving communication from the Head of Internal Audit on internal audit performance relative to its plan and other matters.
- Receive an annual confirmation from the Head of Internal Audit with regard to the organisational independence of the internal audit activity.
- Receive the results of the quality assurance and improvement programme on an annual basis from the Head of Internal Audit.
- Make appropriate enquiries of management and the Head of Internal Audit to determine whether there are inappropriate scope or resource limitations.
- Receive the Head of Internal Audit's Annual Report, timed to support the Annual Governance Statement.
- Review and provide input to senior management on the Head of Internal Audit's performance.

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

2. Purpose of Internal Auditing and commitment to adhering to the Standards

- 2.1 The purpose of the internal audit function of Rotherham Council is to strengthen its ability to create, protect, and sustain value by providing the Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.
- 2.2 The internal audit function enhances the council's;
- Successful achievement of its objectives
 - Governance, risk management, and control processes
 - Decision-making and oversight
 - Reputation and credibility with its stakeholders
 - Ability to serve the public interest
- 2.3 The Council's internal audit function is most effective when;

- It is performed by competent professionals in conformance with the Global Internal Audit Standards (UK public sector), which are set in the public interest
- The internal audit function is independently positioned with direct accountability to the Audit Committee
- Internal auditors are free from undue influence and committed to making objective assessments.

2.4 The Council's internal audit function commits to adhere to the GIAS in the UK Public Sector. The Code of Practice for the Governance of Internal Audit in UK Local Government will be applied to address the essential conditions in relation to governance. The Head of Internal Audit will report annually to the Audit Committee and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through the quality assurance and improvement programme.

3. Independence

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

3.2 The Head of Internal Audit:

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

3.3 Internal Audit activity is free from interference in determining the scope of activity, performing work and communicating results. It is independent of all activities that it audits to enable auditors to perform their duties in a way that allows them to make impartial and effective professional judgements and recommendations without giving rise to conflicts of interest. Internal auditors have no direct operational responsibility or authority over any of the activities they review. Accordingly, they do not develop or install systems or procedures, prepare records, or engage in any other activity which would normally be audited. Internal auditors will not be used on internal audit engagements where they have had direct involvement in the area within the last 12 months.

3.4 The Head of Internal Audit is a member of the Corporate Governance Group, tasked with the production of the Annual Governance Statement. The Annual Governance Statement is prepared by the Policy, Performance and Risk Manager who is a member of this group.

3.5 The Head of Internal Audit She is also a Whistleblowing Officer, responsible with the ~~Strategic-Executive~~ Director ~~Finance and Customer of Corporate~~ Services, the Service Director – HR and OD and the Head of Legal Services for

the Whistleblowing Policy and procedures. Decision making on cases is not solely made by the Head of Internal Audit. There is a further assurance mechanism for whistleblowing in that all cases are discussed at a quarterly Statutory Officers meeting (which includes the CEX, S151 and Monitoring Officer) which provides an element of challenge and assurance regarding work being undertaken by Internal Audit. In addition, the Head of Legal reports the whistleblowing cases to the Standards and Ethics Committee. She remains independent from the audit processes with regards to these areas, with any reviews carried out by a Principal Auditor reporting directly to the Strategic Director.

3.6 The Head of Internal Audit also manages the Council's counter fraud arrangements. This includes responsibility for the Anti-Fraud and Corruption Policy and Strategy, the Anti-Money Laundering Policy, responsibility for fraud or corruption investigations and provision of counter fraud training and communications. The scope of any investigation relating to fraud and corruption is discussed and agreed by the S151 Officer. The fraud investigation reports are shared at draft stage with the S151 Officer for review and assurance regarding the work undertaken. The Anti-Fraud and Corruption Policy and Strategy and arrangements are reviewed by a member of the Internal Audit team, who then report the results/updates to the Head of Internal Audit. The Head of Internal Audit is then responsible for presenting these to the Audit Committee.

3.7 Arrangements will be made for periodic reviews of the Whistleblowing and Anti-Fraud and Corruption arrangements by another local authority, to satisfy the independence requirements of GIAS (UK Public Sector).

4. Ethics and Professionalism

4.1 The principles and standards in the Ethics and Professionalism domain of the GIAS replace the Institute of Internal Auditors former Code of Ethics and outline the behavioural expectations for professional internal auditors.

All internal auditors are required to:-

- Conform with the GIAS including principles of Ethics and Professionalism; integrity, objectivity, competency, due professional care and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the council.
- Report organisational behaviour that is inconsistent with the council's ethical expectations, as described in policies and procedures.

Objectivity

- 4.2 The Head of Internal Audit will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Head of Internal Audit determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for the council or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any council employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Internal auditors who work in the UK public sector must also apply the Seven Principles of Public Life (the Nolan Principles). They must also be aware of the Council's policies and procedures for routine publication of certain information and where there are statutory obligations to share or publish information.

5. Authority

- 5.1 The Head of Internal Audit and Internal Audit staff have the authority to:

- Enter any Council premises and access Council records, assets, personnel and premises, including accounting records, documents, invoices,

vouchers, correspondence and other data, whether held manually or electronically, the examination of which is necessary for the proper performance of internal audit duties.

- Require prompt response, every assistance, all information and explanation from any Council employees or Council Members necessary for the internal auditors to carry out their audit duties.
- Require any officer of the Council to account for cash, stores or any other Council asset under their control.
- Access as listed above, depending on the terms of the contract with the partner organisation, those items held by contractors / partner organisations that affect the business of Rotherham Council or its control environment.

6. Role and Scope of Internal Audit Work

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

6.2 This involves:

- Supporting the delivery of the council's strategic objectives by providing risk based and objective assurance on the adequacy and effectiveness of governance, risk management and internal controls.
- Championing good practice in governance through assurance, advice and contributing to the authority's annual governance review.
- Appraising the relevance, reliability and integrity of information;
- Reviewing compliance with those policies, plans, procedures, statutory requirements and regulations which could have a significant impact on the achievement of the Council's objectives and business operations;
- Reviewing the means of safeguarding assets and as appropriate verifying the existence of such assets;
- Appraising the economy, efficiency and effectiveness with which resources are employed, and the delivery of services in a best value manner;
- Advising on governance, risk management and internal control arrangements for major projects, programmes and system changes.
- Maintaining a program of review and assessment to enhance the integrity and usefulness of the Council's risk management processes;
- Maintaining a program of development, review and audit in relation to quality improvement and assurance methods;
- Assisting management in conducting special assignments and investigations into any matter or activity affecting the interests of the Council.

6.3 The internal audit coverage embraces the entire control environment of the Council, and extends to all areas of the Council and its controlled entities.

6.4 Particular attention is given to any aspects of the control environment affected by significant changes to the Council's risk environment.

6.5 Internal Audit completes advisory / consultancy work in agreement with senior management by responding to requests for audit reviews and by contributing to projects and working groups throughout the Council.

- 6.6 Internal Audit provides advice and practical support to service management in investigating fraud. Any allegation of fraud and corruption received is followed-up in accordance with the agreed procedures of the Anti-Fraud and Corruption Policy, Whistleblowing Policy and Disciplinary Procedures.
- 6.7 The Council also participates in the biennial National Fraud Initiative. Internal Audit administers the initiative.
- 6.8 Where the Council has entered into a partnership with other organisations the partnership arrangement will be subject to review. In addition, where Rotherham Council is the lead authority of a partnership or collaboration, the work undertaken will be subject to review by Rotherham Council's Internal Audit function.
- 6.9 Internal Audit may undertake work for new clients by extending its work to third parties. All engagements will be performed in accordance with this Charter to an agreed schedule of audit days. The scope of Internal Audit's work for external bodies is primarily to provide assurance relating to the bodies' systems of internal control, although the bodies might also ask for additional consultancy work to be conducted. Where appropriate, Internal Audit might also be asked to assist in or carry out investigations into suspected irregularities. Example of this work is where internal audit carry out work for academies.

7. Responsibilities

- 7.1 It should be noted that internal audit is not responsible for the operation of control functions within the Council; these responsibilities rest with management. Internal audit should not be regarded as a substitute for good management.
- 7.2 The primary task of internal audit is to review the systems of internal control operating throughout the authority, and in doing this it adopts a predominantly risk-based approach to audit.
- 7.3 The Head of Internal Audit is required to manage the provision of a complete audit service to the Council that includes risk based, systems, and advisory audit in addition to the investigation of potential fraud and irregularity. In discharge of this duty the Head of Internal Audit has a responsibility to:
 - Prepare and implement an effective strategic and annual internal audit plan, providing for the review of significant operations of the Council based on an assessment of risk pertaining to the achievement of Council objectives.
 - Discuss the plan with senior management and the Audit Committee and submit the plan to the Audit Committee for review and approval.
 - Review and adjust the audit plan as necessary, in response to changes in the council's risks, operations, programmes, systems and controls.
 - Communicate with senior management and the Audit Committee if there are significant interim changes to the internal audit plan.

- Ensure that the scopes and boundaries of individual audit assignments are in line with the plan.
- Highlight significant risk exposures and control issues including fraud risks and governance issues, and required associated improvements together with corrective action recommended to management based on an acceptable and practicable timeframe.
- Undertake action tracking to gain management assurance that they have implemented agreed internal control improvements within specified and agreed timeframes.
- Undertake follow up reviews where the original audit resulted in a Partial or No Assurance opinion.
- Ensure a system of close supervision of audit work.
- Maintain the appropriate auditing standards as defined by the GIAS and the Application Note.
- Maintain a Quality Assurance and Improvement Programme including annual internal assessments and external assessments at least every five years.
- Report the results of assessments to the Audit Committee and state that the service conforms with the standards or disclose any non-conformance.
- Develop, implement and have oversight of internal audit methods and procedures, including the maintenance of an Audit Manual.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills and other competencies and qualifications needed to meet the requirements of the standards and to fulfil the internal audit mandate.
- Liaise with the external auditor to provide consistent advice to management and the Audit Committee.
- Prepare reports on audit and investigation activities for presentation to the Audit Committee, and other reports as may be required.
- Utilise designated internal audit resources to maximise the efficiency and effectiveness of the internal audit function.
- Communicate the impact of resource limitations on the internal audit plan to senior management and the Audit Committee.

8. Audit Reports

- 8.1 All standard audit assignments are the subject of formal reports. Draft reports are issued to the manager of the area under review. Discussions are then held to reach agreement on the factual accuracy of findings and the necessary actions. After agreement, final reports are issued to management and the respective Strategic-Executive Director/Director of Policy, Strategy and Engagement. The Head of Internal Audit considers the release of investigation reports on a case by case basis.
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- 9.4 Internal audit is not responsible for the management of the Council's risks; this is the responsibility of the Council's management. However, internal audit takes account of the corporate risk management processes in the way it relates to managers in the control of risks. Emphasis is placed on the importance of risk management to all managers in the Council as part of the delivery of the internal audit service. Internal audit regularly reviews the Council's risk management arrangements as an integral aspect of its work.
- 9.5 Internal audit's work assists managers to better understand risk management. This is an important educational / informative role that adds value to the organisation where appropriate. All reports that have No Assurance or Partial Assurance are submitted to the Policy, Improvement and Risk Manager so that findings can be considered for inclusion in risk registers to ensure they are kept up-to-date and relevant.
- 9.6 In the rare cases where there the Head of Internal Audit concludes that management have accepted a level of risk that exceeds the council's risk tolerance, this will be escalated in the first instance to the Assistant Service Director of the relevant service area. Concerns will be shared and management's perspective will be understood and an updated action plan agreed. If this matter is still not resolved this will then be escalated to the Strategic-Executive Director responsible for the service or Director of Policy, Strategy and Engagement. If disagreement still occurs and the risks are considered to be unacceptable, this will then be escalated to the Chief Executive. If this matter has still not been resolved this will be escalated to the Audit Committee.
- 9.7 If internal auditors and management disagree about the audit recommendations and/or action plans, internal auditors will follow the approach set out in paragraph 9.6 above to allow both parties to express their positions and rationale and to determine a resolution.
- 9.8 Where the Council has partnership arrangements, the Head of Internal Audit ensures that there is effective and efficient control environment which takes account of the governance, risk and control framework of the partner body, and that the risks associated with such an arrangement are subject to internal audit review. Suitable protocols are in place where these safeguard the Council's interests for effective internal audit.
- 9.9 Where there are incidents of fraud the Head of Internal Audit advises or intervenes as appropriate in ensuring that there is suitable involvement with the Police or other agencies and seeks to maintain effective working relationships with them.
- 9.10 Internal audit comments on the efficient, economic and effective use of resources, where appropriate, in both the routine internal audit work and also where specifically charged with evaluating value for money / efficiency improvements.

10. Resources and Prioritisation

- 10.1 Internal audit endeavours to maintain an effective number of staff to undertake the required workload, supported by effective systems of operation. Internal audit applies staff in the most effective way in accordance with their experience and skills and in accordance with the audit standards.
- 10.2 The Head of Internal Audit, s151 Officer and Audit Committee all have a responsibility to ensure Internal Audit has sufficient resources to enable it to fulfil its mandate. Significant matters that jeopardise the delivery of the plan or require changes to the plan will be identified, addressed and reported to the Audit Committee.
- 10.3 Internal Audit's annual planning process sets out clearly the range of work it expects to do.
- Risk Based Audits
This refers to our work on assessing the management of the key risks currently facing the Council which includes the work on key financial systems that helps the S151 Officer to fulfil their statutory responsibilities for proper financial administration and control.
 - Advisory Work
This refers to our work on supporting continuous improvement by reviewing change projects and systems developments and by contributing to working groups
 - Follow Up Audits
All reports that give an overall opinion of either Partial Assurance or No Assurance are subject to a follow up after six months or when the implementation dates of actions have been reached.
 - Responsive Work
This refers to responding to requests from management for additional work.
 - Investigations
Responding to the need to investigate potential fraud and irregularity.
 - Work for External Bodies
There maybe some work arising that does not fall into these headings such as income earning work for external bodies such as audit work for academy schools.
- 10.4 The quantum of work is identified following a full assessment of risks across the Council and after taking into account other forms of assurance available to oversee and mitigate some risks identified (for example external audit work or improvement board activities).
- 10.5 Internal audit prepares a plan of work each year. Resources to deliver the plan of work, in terms of the level of resources and the skills required are identified. Both the Head of Internal Audit and the Strategic Director Finance and Customer Services satisfy themselves at the start of the year that there are sufficient resources in place at least to deliver the plan and to give an opinion on the Council's system of governance, risk management and internal control at the end of the year, and to ensure some coverage in other necessary areas in accordance with the audit standards.
- 10.6 Where there are any deficiencies arising in resources at any stage, the Head of Internal Audit and ~~Strategic Executive~~ Director ~~Finance and Customer~~

Corporate Services will, firstly, try to provide additional audit support to the section. Where it becomes necessary to limit the amount of work it is possible for the Service to do, lower priority audits will be removed from the plan first. Should further amendments to the plan be required, follow up and responsive work will be reduced.

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

11. Fraud and Corruption

- 11.1 Managing the risk of fraud and corruption is the responsibility of management. Internal audit assists management in the effective discharge of this responsibility. There is a need for the Council to maintain an effective counter-fraud culture and the work of Internal Audit through testing for and preventing and detecting fraud contributes to the corporate counter fraud culture. There is a public expectation for public monies to be spent wisely and safeguarded against fraudulent activity. Accordingly, the section's audit plans provide for counter fraud activity.
- 11.2 Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected. Internal Audit does not have the responsibility for the identification, prevention or detection of fraud and corruption. Internal Audit will, however, be alert in all their work to risks and exposures that could allow fraud and corruption.
- 11.3 The Head of Internal Audit develops and maintains the Anti-Fraud and Corruption Policy and Strategy.
- 11.4 Council Policy requires that where there is suspicion or detection of fraud or corruption by employees they report it to the appropriate manager, or if necessary, directly to the Chief Executive, the ~~Strategic Executive~~ Director of ~~Finance and Customer Corporate~~ Services, the Head of Legal Services or the Head of Internal Audit. Management will notify Internal audit immediately, so that this can be considered when forming the overall opinion on the control environment and preparation and delivery of the Audit Plan. Depending on the nature and anticipated extent of the allegations, the Head of Internal Audit will normally work closely with management and other agencies, such as the Police, to ensure that the allegations are properly investigated and reported so that maximum recoveries are achieved. If the irregularity or suspected irregularity involves theft or suspected theft of assets, it must be referred to the Police. In addition, where a break-in is suspected, the Police must be informed immediately.

11.5 When notified of a suspected fraud, Internal audit will consult with HR with regards to the disciplinary procedures and possible suspension of the employee concerned. They will then conduct an investigation in conjunction with management of the service. Internal audit will prepare a report which may or may not lead to disciplinary action being taken. The report will also address any systems weaknesses and make recommendations for improvements to prevent a recurrence.

12. Performance Reporting

12.1 Performance indicators for internal audit are reported to each Audit Committee meeting and the ~~Strategic Executive~~ Director ~~Finance and Customer Corporate Services~~.

13. Definition of Consulting Services

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

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

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

Committee Name and Date of Committee Meeting

Audit Committee – 17 March 2026

Report Title

Internal Audit Plan 2026/27

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

No

Executive Director Approving Submission of the Report

Judith Badger, Executive Director of Corporate Services

Report Author(s)

Louise Ivens, Head of Internal Audit

Tel: 01709 823282 Email: louise.iven@rotherham.gov.uk

Ward(s) Affected

Borough-Wide

Report Summary

This report refers to the Internal Audit Plan for 2026/27. The report explains Internal Audit's approach to the development of the plan, as well as detailing the specific activities Internal Audit plan to review during the year. The plan reflects a comprehensive risk assessment process, which has also included consultation with Executive Directors and Service Directors to obtain their views of key risks and areas for audit coverage. It is designed to enable the Head of Internal Audit to give their annual opinion at the end of the year on the adequacy and effectiveness of governance, risk management and the control framework. The plan will remain flexible and will be reviewed during the year to ensure it remains relevant.

Recommendations

That the Audit Committee is asked to:

1. Consider the Internal Audit Plan and to comment on its content with regards to the areas covered and the level of audit resources.
2. Approve the Internal Audit Plan for 2026/27.

List of Appendices Included

Appendix 1 – Internal Audit Plan

Background Papers

Global Internal Audit Standards

Global Internal Audit Standards in the UK Public Sector (Application Note)

Code of Practice for the Governance of Internal Audit in UK Local Government

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Internal Audit Plan 2026/27

1. Background

- 1.1 Internal Audit is required to comply with the Global Internal Audit Standards (UK Public Sector). The standards require Internal Audit's plans to be risk based and to take into account the need to produce an annual Internal Audit opinion. The plan needs to be flexible to reflect changing risks and priorities of the organisation.

2. Key Issues

- 2.1 The proposed audit plan has been devised adopting a risk-based approach using the following sources:

- the Council's risk management processes and the strategic and directorate risk registers;
- reports by management to the Audit Committee on the management of risks and the outcomes of external inspection reports;
- the results of previous Internal Audit work and our ongoing assessment of the auditable entities within the Authority;
- planned work deferred from 2025/26;
- Council Plan and Year Ahead Delivery Plan;
- knowledge of existing management and control environments;
- professional judgement on the risk of fraud or error;
- consultation with all Directorate Leadership Teams and the Strategic Leadership Team taking into account feedback from Executive Directors, Service Directors, the Monitoring Officer and the Chief Executive;
- awareness of relevant local and national issues; and
- regular dialogue with authorities within South and West Yorkshire helps to ensure an awareness of emerging risks within other councils, so that they can be considered during audit planning.

- 2.2 The outputs from the planning process have been prioritised to produce a plan that balances the following:

- the requirement to give an objective and evidenced based opinion on aspects of governance, risk management and internal control;
- the time required for anti-fraud and corruption activity;
- the requirement for Internal Audit to add value through improving controls, streamlining processes and supporting corporate priorities; and
- the need to retain a contingency element to remain responsive to emerging risks.

2.3 As well as identifying all of the proposed pieces of work to be carried out during the year, the plan:

- Explains the statutory requirements for Internal Audit
- Describes the approach and methodology adopted in producing the plan
- Shows the level of resources available to deliver the plan
- Includes a contingency for responsive work

2.4 In line with auditing standards, the plan does not become fixed when it is approved. It remains flexible and will be revised to take into account any significant emerging risks facing the Authority. It will be subject to a half year review in consultation with Executive Directors and Service Directors.

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, in particular to review and approve the risk-based plan.

3.2 The Audit Committee is asked to support the Internal Audit Annual Plan for 2026/27.

4. Consultation on proposal

4.1 As part of the process for producing this Audit Plan, the Head of Internal Audit has held discussions with the Council's Executive Directors and their teams to obtain their views of key risks and areas for audit coverage.

5. Timetable and Accountability for Implementing this Decision

5.1 The Audit Committee is asked to receive this report at its 17th March 2026 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 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”

- 7.3 The Global Internal Audit Standards state:

“The chief audit executive must create an internal audit plan that supports the achievement of the organisation’s objectives. The chief audit executive must base the internal audit plan on a documented assessment of the organisation’s strategies, objectives, and risks. This assessment must be informed by input from the board and senior management as well as the chief audit executive’s understanding of the organisation’s governance, risk management, and control processes. The assessment must be performed at least annually.”

8. Human Resources Advice and Implications

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

9. Implications for Children and Young People and Vulnerable Adults

- 9.1 This document constitutes a report of the Internal Audit Plan for 2026/27. 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 The following risks have been identified.

Risk	Impact	Probability	Mitigation
Not having/failing to deliver a risk-based Plan. Audit Plan does not reflect current risks/threats to Council. Unforeseen demands upon audit resources, e.g. increase in frauds/investigations and/or requests from management (responsive work). Insufficient resources to complete work to support the annual opinion.	Low	Low	Risk-based approach to audit planning, including consultation with management. Robust task/time management process. Audit Plan kept under review to ensure it reflects key risks across Council. As a minimum half-yearly meetings with all Directorate Leadership Teams to ensure plan is up to date. Progress reports provided to Audit Committee.

Accountable Officer(s)

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



Rotherham Metropolitan Borough Council

**Internal Audit Plan
2026/27**

1.0 Introduction

1.1 This document provides details of the Internal Audit Plan for 2026/27.

Purpose of Internal Audit

1.2 The purpose of Internal Audit within Rotherham Council is:-

“to strengthen its ability to create, protect, and sustain value by providing the Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight”.

Requirement for Internal Audit (Internal Audit’s Mandate)

1.3 The requirement for Internal Audit is set out in the Accounts and Audit (England) Regulations 2015:

“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.”

The Global Internal Audit Standards (in place from 1 April 2025) state:

“The chief audit executive must create an internal audit plan that supports the achievement of the organisation’s objectives. The chief audit executive must base the internal audit plan on a documented assessment of the organisation’s strategies, objectives, and risks. This assessment must be informed by input from the board and senior management as well as the chief audit executive’s understanding of the organisation’s governance, risk management, and control processes. The assessment must be performed at least annually.”

The overall opinion issued each year by Internal Audit on the adequacy and effectiveness of the control environment is used as a key source of assurance to support the Annual Governance Statement.

S.151 Officer responsibility

1.4 Internal Audit also has an important role to support the Executive Director of Corporate Services in discharging her statutory responsibilities, which include:-

- S151 Local Government Act 1972 – to ensure the proper administration of financial affairs.
- S114 Local Government Act 1988 – to ensure the Council’s expenditure is lawful.

2.0 Approach to delivery of the plan

2.1 The Internal Audit function will be delivered in accordance with the Internal Audit Charter. The Charter defines the role, scope, independence, authority and responsibility of the Internal Audit Service.

3.0 Methodology

3.1 A summary of our approach to the development of the Audit Plan for 2026/27 is set out below. The Plan is driven by the Council's organisational objectives and priorities and the risks that may prevent the Council from meeting these objectives. In line with the auditing standards the proposed audit plan has been devised adopting a risk-based approach using the following sources:

- the Council's risk management processes and the strategic and directorate risk registers;
- reports by management to the Audit Committee on the management of risks and the outcomes of external inspection reports;
- the results of previous Internal Audit work and our ongoing assessment of the auditable entities within the authority;
- planned work deferred from 2025/26;
- Council Plan and Year Ahead Delivery Plan;
- knowledge of existing management and control environments;
- professional judgement on the risk of fraud or error;
- consultation with all Directorate Leadership Teams and the Strategic Leadership Team taking into account feedback from Service Directors, Executive Directors, the Monitoring Officer and the Chief Executive;
- awareness of relevant local and national issues; and
- regular dialogue with authorities within South and West Yorkshire helps to ensure that audit are aware of emerging risks within other councils so that they can be considered during audit planning.

4.0 Basis of the annual audit opinion for 2026/27

4.1 The Global Internal Audit Standards, associated Local Government Application Note and the Code of Practice for the Governance of Internal Audit apply from 1 April 2025. The service was externally assessed in 2025 as Generally Conforming with the Global Internal Audit Standards (UK Public Sector). This is the highest assurance level that CIPFA award.

4.2 The annual Internal Audit opinion will be based on the Internal Audits completed over the year and the control objectives agreed for each individual Internal Audit. Progress against our plan will be reported to the Audit Committee during the year.

4.3 In producing this plan, careful consideration has been given to the level of audit coverage required to be able to form an evidenced annual Internal Audit opinion. The outputs from the planning process have been prioritised to produce a plan that balances the following:

- the requirement to give an objective and evidenced based opinion on aspects of governance, risk management and internal control;
- the time required for anti-fraud and corruption activity;
- the requirement for Internal Audit to add value through improving controls, streamlining processes and supporting corporate priorities; and
- the need to retain a contingency element to remain responsive to emerging risks;

This plan should enable Internal Audit to maximise the value and assurance it provides the Council, while ensuring it fulfils its statutory obligation to review and report on the Council's internal control environment, risk management and governance processes.

- 4.4 The work of other assurance providers has been considered as part of the audit planning process, to identify any areas where coverage may be required, and to prevent any duplication of work. GIAS 9.5 (Coordination and reliance) sets out a duty for Chief Audit Executives (the Head of Internal Audit) to co-ordinate with other assurance providers. However, it has not been possible or practical to coordinate the plan with external assurance providers. This is because these bodies authority is derived from separate legal or regulatory sources and is beyond the control or influence of the Head of Internal Audit (for example Ofsted, CQC).
- 4.5 It should be noted that this is an iterative plan that will be kept under review on an ongoing basis, taking into account local and national issues where necessary. A half yearly review will be undertaken in consultation with Directorate Leadership Teams. Any significant changes to it will be reported to the Audit Committee for consideration and approval.

Audits covered within the plan

- 4.6 Outline areas of coverage for each review are given in the table below. The following types of audit work will be completed.

1. Risk based work

This work is based on the strategic or operational risks. The audits examine the objectives of the area under consideration, the risks that may affect the achievement of those objectives and the adequacy and effectiveness of the controls to mitigate those risks.

2. Follow up audits

Specific follow up audits will be completed where there has been a partial or no assurance audit opinion.

3. Advisory work

Audit time to take part in specific projects or developments, as already requested / agreed with management.

4. Grant claims

Time has been assigned to carry out reviews of grant claims where the Head of Audit's certification is required.

5. Schools

The specific approach for gaining assurance on schools will be determined during the year. As a minimum, a sample of schools will be visited as in previous years.

6. IT Audit

The Internal Audit team completes audits within Customer Information and Digital Services but does not have the expertise to carry out technical audits of IT systems. Salford City Council Technical Audit Services specialise in this area and provide audit

services to councils in Greater Manchester, the north-west and north-east of England and north Wales. These are also shown in the Plan although they will be completed by the Salford team.

7. Counter Fraud work

Time is set aside in the plan to conduct investigations during the year. A number of days have also been included to undertake proactive counter fraud work which will incorporate the use of data analytics, where applicable, to identify areas of potential weakness that may require further investigation. The matches from the National Fraud Initiative (NFI) will be reviewed in this section of the plan. The NFI matches data across organisations to help identify potentially fraudulent or erroneous claims and transactions.

8. Contingency

There is a contingency of 75 days which allows flexibility in the audit plan to respond to new risks and priorities as they emerge.

5.0 Resources

- 5.1 The audit plan will be delivered by the in-house team with the exception of some specialised IT audits completed by Salford City Council Technical Audit and has been based on the current establishment structure of the team.
- 5.2 The Internal Audit team comprises 6.93 FTE's (7.52 2025/26). The number of days allocated in the plan for 1st April 2026 to 31st March 2027 is 1038 days and is based on a full establishment for the team. The number of FTE's at the start of the year has reduced from 2025/26 due to the retirement of one member of the team who has not yet been replaced. It is anticipated that the vacancy will be recruited to during Quarter 1. This will be a full-time position rather than the previous part time post. The achievement of the plan is dependent on resources being as planned. The plan is considered sufficient to allow the Head of Internal Audit to give the annual opinion at the end of the year.

6.0 Internal Audit Plan 2026/27

- 6.1 The Internal Audit Plan has been derived as shown below to reflect the core areas of our Internal Audit programme determined by our risk assessment and consultation process.

Audit Area	Days in the 2025/26 Plan	Days in the 2026/27 Plan
Adults Housing and Public Health	130	140
Childrens and Young Peoples Services	70	95
Corporate Services	145	174*
Policy, Strategy and Engagement	55	25*
Regeneration and Environment	100	80

Corporate/Crosscutting including data analytics	90	140
Grants	60	44
Reactive investigations	140	140
Proactive fraud including National Fraud Initiative	40	50
Counter fraud policies review and anti-money laundering assurances	30	30
Contingency	75	75
Follow Up	25	25
Project Boards/Groups	20	20
Total	980	1038

* The plan for Corporate Services now includes the HR and OD Service which previously sat within Assistant Chief Executives Directorate (now Policy, Strategy and Engagement).

- 6.2 The full plan is shown in the document below. The work is grouped at directorate level or functional area to align with risk registers and accountabilities. An overview of the assurance that each audit aims to achieve is provided together with the corresponding risks.

Internal Audit Draft Plan 2026-2027

Risk Register Ref	Council Plan Theme ref	Title	Brief Description	2026/27 Priority & timing
Adult Care, Housing and Public Health 140 days				
ACHPH - R49 ACI R37	4	Working age project	Review implementation of findings from the project in terms of outcomes/efficiencies/recommendation implementation.	Q4 High
ACI – R50	4	Enablement	Review the process from inception through to delivery of the service, including contact time with individuals, efficiency/effectiveness of the process including the operation of the new case management system.	Q2 Very High
N/A	4	Personal Budgets/Direct Payments	Review to ensure that monies are being spent in accordance with the agreement, arrangements are in place to review users needs, any personal contributions are being received, and there is a process to recover any misused funds.	Q3 High
SLT 40 ACHPH- R50 H- R20	1, 4	Health and Safety - Gas Servicing	Review of the gas servicing arrangements. This would include compliance with legal requirements, maintenance of correct and accurate records and provision of performance and management information.	Q1 Very High
SLT 40 ACHPH- R50 H- R20	1, 4	Health and Safety - Electrical Safety	Review of the electrical safety arrangements. This would include compliance with legal requirements, maintenance of correct and accurate records and provision of performance and management information.	Q2 Very high
ACHPH – R31 H-R31 & H 32	4	Homelessness and temporary accommodation management	A review of homelessness prevention and support to those who become homeless to find housing as quickly as possible. Temporary Accommodation Management - To review the controls for the initial triage and acceptance into temporary accommodation and 'move on' actions.	Q1 Very high

H – R16	4	Awaab's Law	Review compliance with the Regulations specifically relating to response to:- Emergency Hazards, Significant Hazards (Damp and Mould), undertaking repairs, reporting to the tenant and provision of alternative accommodation.	Q4 High
Childrens and Young People's Services 95 Days				
	3	Aspire/Pru Follow Up	Follow up of partial assurance opinion	Q1 Very high
	3	Section 17 Follow Up	Follow up of partial assurance opinion	Q1 Very high
	3	Kinship Care	Review compliance with the Local Offer for Kinship Carers.	Q4 High
	3	School attendance interventions/ exclusions	Review of the Local Authority monitoring and reporting arrangements and compliance with government statutory guidance.	Q3 or 4 High
EI 06	3	Early Years Federation	Review of the governance and financial management arrangements.	Q4 High
EI 10	3	Schools assurance	Assurance on key financial and governance arrangements at a sample of schools.	Q4 High
FH 11	3	Youth Justice Service	Scope to be determined with management. This could include service compliance with HMIP requirements together with a vfm element of interventions.	Q2 High
Corporate Services 174 Days				
FCS 23	5	Riverside House Building Security Follow Up	Follow up audit as partial opinion issued.	Q2 Very High
N/A	5	Land and Property Acquisitions Follow Up	Follow up audit as partial opinion issued.	Q1 Very High
N/A	5	Revenues and Benefits Business Continuity and Disaster Recovery Plan	Review of the robustness of the business continuity arrangements and the disaster recovery plan in the event of an IT failure.	Q2 High
N/A	5	Assessment and payment of Council Tax Support and Housing Benefits.	Review the controls surrounding the assessment, administration, payment and recovery of benefit claims.	Q3 High
FCS 14	5	Cyber Security	Review adequacy of the arrangements for security event monitoring. This would include controls over the detection of potential cyber incidents across the RMBC IT estate, triage and prioritisation of potential incidents; and the response to identified incidents.	Q3 High

N/A	5	Service desk management	Ensure effective delivery to core service management areas (monitoring of user access and user accounts).	Q4 High
FCS 24	5	Health and Safety - Gas Servicing	Review of the gas servicing arrangements. This would include compliance with legal requirements, maintenance of correct and accurate records and provision of performance and management information.	Q2 Very High
FCS 24	5	Health and Safety - Electrical Safety	Review of the electrical safety arrangements. This would include compliance with legal requirements, maintenance of correct and accurate records and provision of performance and management information.	Q2 Very High
FCS 28	5	Schools Business Services (cleaning/caretaking, catering, repairs and maintenance)	Review to be confirmed with management but this would look at Value for Money, financial and contract management.	Q4 High
SLT 27 FCS 19 FCS 20	5	Stock Condition Surveys Corporate Landlord Properties and Maintained Schools	The audit would include review of the survey scope, the robustness of the surveyor's report to enable decision making on the asset, and tracking of actions and prioritisation following receipt of the survey.	Q4 High
HR 16	5	Corporate Health and Safety	Scope to be determined with management. This would include reviewing the new arrangements for managing and reporting on health and safety incidents following the updated policy being issued.	Q3/4 Very High
HR05	5	Payroll	Specific aspects to be agreed – based on audit coverage in previous years.	Q3 High
Policy, Strategy and Engagement 25 Days				
N/A	5	Customer Complaints	Review of the complaints process including lessons learnt from complaints (including ombudsman outcomes)	Q3/4 High
Contingency time has been reserved for this directorate. Audits will be identified later in the year.				
Regeneration and Environment 80 Days				
CST 71	3	Music Service Follow Up	Follow up of partial assurance opinion. Deferred from 2024-25	Q1 Very High
RE 51 PRT 53	1	Highways Structures Follow Up	Follow up of partial assurance opinion.	Q2 Very High

RE 9 & CSS 28	3	Home to School Transport	Incident handling and reporting, review of changes to DBS process, contract management and safeguarding training.	Q3 High
CST 40 CST 69 PRT 7	1 & 5	Rother Valley Country Park Café and security and Thrybergh Country Park security	Review the robustness of controls relating to operations at the waterfront café and general security at Rother Valley Country Park and Thrybergh Country Park.	Q2 Very High
RE66 CSS 65	1	Waste Transformation Project	Review the outcomes of the project in relation to agency management practices, time management of staff, working location and access to welfare facilities.	Q3/4 High

Corporate/Crosscutting reviews		
Total number of days 304 including contract management		
No	Title	Brief Description
1	Application review – Liquid logic (ACHPH) Salford IT Review CYPS covered in 2025/26	The audit will include maintenance and support controls, including supplier management and roadmap prioritisation; Application access controls assessing controls over both general and privileged level access; Audit trail management covering monitoring of users accessing the system, particularly in relation to users with high level access or processing of 'critical' transactions; System availability and continuity covering system performance management, availability, capacity and continuity management.
2	Project/programme management Including the Markets/Libraries redevelopment	Review of a sample of Council led projects. Review the templates/methodology used and ascertain whether there is consistency in managing projects or programmes, or services where the council can benefit from a corporate approach eg shared templates/learning/best practice. This will include the markets/libraries redevelopment.
3	Contract management	Review contract management arrangements. Including whether there is a clear list of contracts held and designated managers for each contract and that contract managers have received training.
4	Historic/Heritage Sites (Health and Safety)	A review of the management of health & safety of historic sites. Including governance arrangements and strategy, compliance with statutory duties, asset management (inspections and surveys), risk registers, reporting and action planning. (R&E 8 & CST15, Qtr 2). This audit crosses over between the Culture, Sport and Tourism Service and Property and Facilities Management.

5	Follow Ups	Time set aside for the follow up of any partial or no assurance opinions completed within the year.
6	Project Boards and groups	Internal Audit attendance at project boards or groups to give advice on internal controls.
7	Data analytics development	Time set aside to develop the data analytics workstreams and undertake testing.
8	Independent review of grants	Independent examination of accounts and / or assurance that the grant claim has been spent in accordance with the grant determination.
9	Contingency	Time set aside for audit review of any new and emerging risks, unplanned work identified as being required during the year.

Anti-Fraud and Corruption and Anti Money Laundering

Total number of days 220	
Title	Brief Description
Investigations	Time set aside for investigation of whistleblowing and other referrals received.
Anti-Fraud and Corruption Policy Updates	Review and update of Anti Fraud and Corruption Policies <ul style="list-style-type: none"> • Anti-Money Laundering (AML) Policy • Anti-Fraud and Corruption Policy and strategy and assessment against best practice
Anti-Fraud and Corruption Proactive Work	Risk-based work to prevent and detect fraud including:- <ul style="list-style-type: none"> • Review and investigation of NFI matches • Awareness raising and communication of fraud risks and internal reporting arrangements to employees. This includes liaison with risk champions supporting fraud risk development across the council.
Total number of days 1038	

Key:- Council Plan Themes

- 1- Places are thriving, safe and clean
- 2- An economy that works for everyone
- 3- Children and young people achieve
- 4- Residents live well
- 5- One Council that listens and learns

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Committee Name and Date of Committee Meeting

Audit Committee – 17 March 2026

Report Title

Internal Audit Progress Report for the period 1st November to 31st January 2026

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

No

Executive Director Approving Submission of the Report

Judith Badger, Executive Director of Corporate Services

Report Author(s)

Louise Ivens, Head of Internal Audit

Tel: 01709 823282 Email: louise.iven@rotherham.gov.uk

Ward(s) Affected

Borough-Wide

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 November to 31st January 2026 and the key issues that have arisen from it, along with the status of actions arising from audits. It also provides information regarding the performance of the Internal Audit function during the period.

Recommendations

That the Audit Committee is asked to:

1. Note the Internal Audit work undertaken since the last Audit Committee, 1st November to 31st January 2026, and the key issues that have arisen from it.
2. Note the actions being taken by audit management in respect of meeting the performance objectives.

List of Appendices Included

Appendix A – Internal Audit Progress report

Appendix B – 2025-26 Audit Plan progress

Appendix C – Summary of work completed since the last meeting

Appendix D – Internal Audit Performance Dashboard

Appendix E – Post audit questionnaire results

Background Papers

Accounts and Audit (England) Regulations 2015

Global Internal Audit Standards

Global Internal Audit Standards in the UK Public Sector (Application Note)

Code of Practice for the Governance of Internal Audit in UK Local Government

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

Internal Audit Progress Report for the period 1st November to 31st January 2026

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 The Global Internal Audit Standards (UK Public Sector) 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 January 2026 on the progress of the 2025/26 audit plan, the reports finalised between November and January 2026 and performance indicators for the team.

2. Key Issues

- 2.1 Internal Audit produced a risk-based Audit Plan for 2025/26 and presented it to the Audit Committee at its meeting on 11th March 2025. The Internal Audit Progress Report which gives an update on the work undertaken over the period is included at **Appendix A**. The audit plan is included at **Appendix B**.
- 2.2 Audit opinions and a brief summary of all audit work concluded since the last Audit Committee are set out in **Appendix C**. Nine audits have been finalised since the last Audit Committee. The performance indicators are included at **Appendix D**. Post audit questionnaires and results have been included in **Appendix E**.

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 November to 31st January 2026 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 17th March 2026 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 the 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 Service helps to minimise the Council's exposure to risk.

Accountable Officer(s)

Louise Ivens, Head of Internal Audit

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

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Internal Audit Progress Report

1st November – 31st January 2026

1. Internal Audit Annual Plan

- 1.1 Internal Audit produced a risk-based Audit Plan for 2025/26 and presented it to the Audit Committee at its meeting on 11th March 2025. The plan is included at **Appendix B**.
- 1.2 As the year progresses, changes are made to the plan to reflect emerging risks and changing priorities. Additional work requested is added to the plan and is resourced either through contingency or through the removal or deferral of lower risk audits. There have been the following removals and deferrals to the plan during this period:-
- 1.3 Drug and Alcohol – To be removed from the plan. There has been comprehensive oversight and scrutiny in this area through Public Health Grant Return, discussions with the Office for Health Improvement and Disparities and oversight from the Combatting Drugs Partnership.
- 1.4 Elective Home Education – To be removed from the plan. Ofsted inspection of children’s services took place in November 2025 and gave an outstanding overall effectiveness rating. The inspection reviewed this area which concluded that “children who are missing from education or who are electively home educated are promptly identified through robust support and effective safeguarding systems. Engagement with children and families fosters a positive working relationship and ensures that parents have information to make informed decisions about their child’s education, and, where possible, supports children to get back into full time education”
- 1.5 Corporate Health and Safety – to be deferred to the 2026/27 plan. The updated policy will be discussed at June Cabinet. Once the new policy has been published compliance with the new arrangements can be reviewed.
- 1.6 Revenues and Benefits – Business Continuity/Disaster Recovery plans - to be deferred to the 2026/27 plan. Quarter 4 is the services busiest period (annual billing and year end accounts closedown). The audit could not have been undertaken earlier than this due to staffing changes within the service.
- 1.7 Music Service Follow Up - to be deferred to the 2026/27 plan. This is due to ongoing dialogue and changes within the service.

2. Audit work undertaken during the period resulting in an assurance opinion

- 2.1 Internal Audit provides an opinion on the control environment for 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 C**. Nine audits have been finalised since the last Audit Committee.

3. Details of other Internal Audit activities undertaken not resulting in an assurance opinion

3.1 The table below sets out the work undertaken where audit have not issued an audit report with an opinion. This highlights the range of activities that Internal Audit have also undertaken in the period.

Audit Work Completed	Details of Work Undertaken, and Assurance Provided
Customer Services Liaison meeting	Participation in this regular meeting helps to ensure audit are informed of the latest areas that Customer Services are working on, and where audit may wish to focus on at an early stage before changes to systems or ways of working are implemented.
Audit Queries and Advice	During our school audits this year we have identified a control weakness regarding the use of debit cards. After finding this issue Internal Audit have been in contact with all maintained schools via the Local Authority Maintained Headteachers meeting in January 2026 to discuss the introduction of a new authorisation process to mitigate the risks in this area.

4. Anti-fraud and corruption work and investigations

4.1 In addition to the planned audit assurance work, Internal Audit also carries out unplanned responsive work and investigations into any allegations of fraud, corruption or other irregularity. There are two investigations ongoing.

4.2 The National Fraud Initiative (NFI) is a biannual data matching exercise conducted by the Cabinet Office. 7,468 matches have been released to date. As at 31st January all matches have been closed, with no overpayments or fraud identified.

5. Internal Audit Performance Indicators, Post Audit Questionnaires and the Quality Improvement and Performance Plan (QAIP)

5.1 The performance indicator results for the period are highlighted in **Appendix D**. These demonstrate good performance over all three indicators. Audit management continues to monitor time spent on audits to ensure overall deliverability of the audit plan. This is part of the 1:1 process with auditors and ensures that additional time from contingency is factored into some audits where additional time is required (for example due to the issues found during the audit).

5.2 The results from the post audit questionnaires received over the period have been positive (**Appendix E**).

5.3 The updated QAIP Action Plan has been included as a separate agenda item at this committee meeting. The major focus during this period was liaising with the CIPFA assessor whilst they undertook the external assessment against the Global Internal Audit Standards (UK Public Sector). The report has been

received and this together with the action plan is a separate agenda item at this meeting. The external assessment concluded that the service was generally conforming overall to the requirements of the Global Internal Audit Standards in the UK Public Sector. This is the highest level of assessment that they provide.

6. Management Response to Audit Reports

- 6.1 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 Service Director and final reports are also sent to the Executive Director, Chief Executive and the Leader.
- 6.2 Confirmation of implementation of audit recommendations is sought from service managers when the implementation date is reached. This is an automated reminder from the audit system, with alerts being sent out a week before the due date to the responsible manager and Head of Service. Overdue alerts are sent out weekly, copied into the Service and Executive Director. Managers should access the audit system and provide an update on the action – either implemented (with evidence) or deferred.
- 6.3 Summary reports of outstanding actions are produced monthly and distributed to Executive Directors. The status of all open recommendations is tabulated below:

	Open Recommendations & Priority			Total as of 31 January 2026	Total Deferred
	High	Medium	Low		
Directorate					
Adults, Housing and Public Health	0	1	3	4	0
Policy, Strategy and Engagement	0	0	0	0	0
Children and Young People	3	9	0	12	6
Corporate Services	0	9	7	16	7
Regeneration and Environment	3	7	6	16	2
Total	6	26	16	48	15

6.4 The following table shows the movement between periods.

Directorate	Total as of 31 October 2025	Recommendations opened in period	Recommendations closed in period	Total as of 31 January 2026
Adults, Housing & Public Health	0	5	1	4
Policy, Strategy and Engagement	0	0	0	0
Children and Young People	16	14	18	12
Corporate Services	29	2	15	16
Regeneration & Environment	5	13	2	16
Total	50	34	36	48

Internal Audit Plan 2025/26

Adult Care, Housing and Public Health				
Total number of days 130				
Risk Register Ref	Council Plan Theme Ref	Title	Brief Description	Progress/ Qtr planned
ACHPH-R41 & 50	1	Health and Safety in Council Homes (Smoke and Carbon Monoxide).	Follow up audit of partial opinion.	Final Report Reasonable Assurance
N/A	6	Procurement Governance (Contract Management)	Follow up audit of partial opinion.	Q4
ACHPH-R41 & 50	1	Health and Safety in Council Homes - Water Safety (Legionella).	Follow up audit of partial opinion.	Q4
SLT 40 ACHPH-R41 & 50	1	Health and Safety in Council Homes - Review of fire safety compliance	Cyclical review of key areas of health and safety compliance.	Final Report Substantial Assurance
SLT 40 ACHPH-R41 & 50	1	Health and Safety in Council Homes - Review of asbestos compliance.	Cyclical review of key areas of health and safety compliance.	Final Report Substantial Assurance
N/A	6	Compliance with statutory tenancy processes.	Review of compliance with policy. A cyclical programme will be established to review granting tenancies, terminations, assignments, successions and mutual exchanges.	Final Report Reasonable Assurance
HR29	1	Handover arrangements of new build homes.	Assurance that all areas of H&S have been checked and addressed where appropriate before handing over the property to tenants.	Q4
ACHPH-R21 SLT 38	1, 3	Rothercare Follow Up including assistive technology (PSTN)	Follow up of partial opinion and assurance on new service delivery model. Review progress against the PSTN project implementation plan.	In progress
ACI-R4	1	Safeguarding	(Deferred from 2024/25) A review of the processes for the receipt, triage and investigation of safeguarding enquiries from all sources.	In progress
ACI-R22	1	Community Dols	(Deferred from 2024/25).	Q4

Appendix B

			To provide assurance on the management of Dols cases following the increase in demand.	
N/A	1	Drug and Alcohol	There has been comprehensive oversight and scrutiny in this area through Public Health Grant Return, discussions with the Office for Health Improvement and Disparities and oversight from the Combatting Drugs Partnership.	To remove from the plan
Assistant Chief Executive				
Total number of days 55				
Risk Register Ref	Council Plan Theme Ref	Title	Brief Description	Progress/ Qtr planned
HR 16	6	Corporate Health and Safety	To be deferred to the 2026/27 plan. The updated policy will be going to Cabinet in June. Once the new policy has been published compliance with the new arrangements can be reviewed.	To be deferred to 2026/27
HR 05	6	Agency Staff	TBC, areas for consideration for audit include: <ul style="list-style-type: none"> • Appointments process • Monitoring and Review • Policy/procedure not being followed for any areas outside of new contract (eg for specialist areas). • Suppliers onboarded only providing IR35 engagements 	Q4
HR 12	6	Gifts and Hospitality (Employees)	Review to provide assurance that: - <ul style="list-style-type: none"> • Staff are aware of the Council's Code of Conduct and their responsibility to declare gifts and hospitality. • Monitoring arrangements are in place with appropriate action taken where necessary. 	In progress
Childrens and Young People's Services				
Total number of days 70				
Risk Register Ref	Council Plan Theme Ref	Title	Brief Description	Progress/ Qtr planned

Appendix B

N/A	2	S17 payments and reduction in cash payments project (2024-25)	Review of the need, authorisation and delivery of the S17 funds to clients and compliance with the policy.	Final report Partial Assurance
EI 13	2	Crowden Outdoor Education Centre	Assurance regarding the financial management arrangements including that all services are being charged for.	Final Report Reasonable Assurance
N/A	2	Schools' assurance	Two school audits will be undertaken.	In progress
EI 01 EH 09	2	Elective Home Education	<p>Review the monitoring and reporting arrangements against statutory guidance published In August 2024.</p> <p>Ofsted inspection of children's services took place in November 2025 and gave an outstanding overall effectiveness rating. The inspection reviewed this area which concluded that "children who are missing from education or who are electively home educated are promptly identified through robust support and effective safeguarding systems. Engagement with children and families fosters a positive working relationship and ensures that parents have information to make informed decisions about their child's education, and, where possible, supports children to get back into full time education"</p>	To remove from the plan
Finance and Customer Services				
Total number of days 145				
Risk Register Ref	Council Plan Theme Ref	Title	Brief Description	Progress/ Qtr planned
FCS 24	6	Water safety (legionella) Follow up	Follow up audit of partial opinion	Q4
FCS 23	6	Building Security Follow up	Follow up audit of partial opinion	Q4
FCS 23	6	Riverside House security and ID cards	A review of the controls in place for ID card issuing/cancelling and Riverside House building security arrangements.	Final Report Partial Assurance
N/A	3	Asset management estimates & Capital Programme	Follow up audit of partial opinion.	Final report Reasonable Assurance

Appendix B

N/A	6	Procurement Governance (Contract management)	Follow up audit of partial opinion.	Q4
N/A	6	Purchasing Cards	Assurance regarding compliance with the system controls and confirmation regarding appropriateness of expenditure and that this is supported with receipts.	Q4
N/A	6	Cash and banking system and reconciliations	Review the timeliness and accuracy of cash and bank reconciliations and key controls. Review the effectiveness of the project management of the switchover of the banking provider.	Draft report
N/A	6	Revenues and Benefits Business Continuity and Disaster Recovery Plan	Review of the robustness of the business continuity arrangements and the disaster recovery plan in the event of an IT failure. Q4 is the services busiest period (annual billing and year end accounts closedown).	To be deferred to 2026/27
N/A	6	Treasury Management and Prudential Indicators	Review compliance with CIPFA Treasury Management Code, Prudential Code and authorisation controls for investments & loans.	Q4
FCS16	6	NNDR /Business Rates	Assurance on the arrangements for billing, collection, recovery, enforcement and discretionary reliefs.	Final Report Substantial assurance
N/A	6	Insurance	To provide assurance that the Insurance Service fulfilling its requirements to the Council. This would include a review of the processes from receipt of requests to conclusion, including liaison with the relevant services to identify trends in claims and any preventative action.	Scoping
Salford IA risk assessment	6	Network access management and active directory administration.	This review will include configuration management, security management (especially around access and authentication), performance management (KPI definition and monitoring), privileged access management and capacity planning/forecasting).	Q4
FCS 24	6	Health and Safety - Review of asbestos compliance	Cyclical review of key areas of health and safety compliance.	In progress

Regeneration and Environment

Total number of days 100

Risk Register Ref	Council Plan	Title	Brief Description	Progress/
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Appendix B

	Theme Ref			Qtr planned
RE51 PRT53	3	Highways structures (2024-25)	Assurance regarding compliance with the inspection regime and a review of the adequacy of the follow up process where issues have been identified.	Final report Partial assurance
N/A	6	Procurement Governance (Contract management)	Follow up audit of partial opinion.	Q4
RE34 CST58 CCoC1-8	2, 5	Children's Capital of Culture	Follow up audit of partial opinion.	Draft report
CSS28 & R&E 9	4	Home to School Transport	Follow up audit of partial opinion.	In progress
RE56 & CSS47	1, 5	Hellaby Stores	Review of stock control arrangements following introduction of new stock software system.	In progress
N/A	1	Trading Standards	Unannounced visits	Final report Reasonable Assurance
RE60 PRT55	1	Building Control (Deferred from 2024-25 audit plan)	Provide assurance after changes in regulations around payments and inspection visits.	In progress
RE15 & CSS13	4	Barnsley Doncaster Rotherham PFI Joint Waste Contract	Review of effectiveness of contract management	Q4
N/A	6	Directorate Risk Register review	Seek assurance that risks are being effectively managed.	Final report Reasonable Assurance
N/A	3	Community Infrastructure Levy and Section106	A review of the management and outcomes to ensure that the CIL /S106 process is robust.	Scoping
	6	Music Service Follow Up	Follow up audit of partial opinion. To be deferred due to ongoing dialogue and changes within the service.	To be deferred to 2026/27
Corporate/Crosscutting reviews				
Total number of days 270				
Risk Register Ref	Council Plan	Title	Brief Description	Progress/ Qtr planned

Appendix B

	Theme Ref			
N/A	6	Sundry Debtors 2024-25	<p>Cross directorate review of implementation of recommendations.</p> <p>This will identify if authority wide debt has reduced and confirm if action is being taken to proactively reduce debt.</p>	CYPS Final Report Reasonable Assurance.
N/A	6	Cash Controls 2024-25	Review to identify the controls in place over the use of cash authority wide, to include the receipting, recording and the value being held, including a review of the safe limits.	Final Report Reasonable Assurance.
N/A	6	Social Value and Key Performance Indicators 2024-25	Compliance with the Social Value Policy regarding obtaining quotes from suppliers and a review of key performance indicators being measured in contracts.	In progress
N/A	1, 6	Council's arrangements for managing CCTV	Review to confirm compliance with GDPR, RIPA, any other relevant best practice guidance and legislation including the CCTV Policy. This will consider the overall responsibilities for CCTV management and monitoring arrangements.	Scoping
Salford IA risk assessment	6	Application review – Liquid logic (CYPS 2025-26 – Adults will be covered in 2026-27)	The audit will include maintenance and support controls, including supplier management and roadmap prioritisation; Application access controls assessing controls over both general and privileged level access; Audit trail management covering monitoring of users accessing the system, particularly in relation to users with high level access or processing of 'critical' transactions; System availability and continuity covering system performance management, availability, capacity and continuity management.	Draft report
CSC 09	1, 2	16/17 Year Old Homeless Pathway	Approach to meeting the need of 16/17 yr old children who present as being homeless either to Childrens social care or Housing.	In progress
Follow Ups			Time set aside for the follow up of any partial or no assurance opinions completed within the year.	
Project Boards and groups			Internal Audit attendance at project boards or groups to give advice on internal controls.	

Appendix B

Data analytics development	Time set aside to develop the data analytics workstreams and undertake testing.	
Independent review of grants	Independent examination of accounts and / or assurance that the grant claim has been spent in accordance with the grant determination.	
Contingency	Time set aside for audit review of any new and emerging risks, unplanned work identified as being required during the year.	
Anti-Fraud and Corruption and Anti Money Laundering		
Total number of days 210		
Title	Brief Description	Progress/ Qtr planned
Investigations	Time set aside for investigation of whistleblowing and other referrals received.	1-4
Anti-Fraud and Corruption Policy Updates	Review and update of Anti-Fraud and Corruption Policies <ul style="list-style-type: none"> • Anti-Fraud and Corruption Policy and strategy and assessment against best practice 	Complete
Anti-Fraud and Corruption Proactive Work	Risk-based work to prevent and detect fraud including:- <ul style="list-style-type: none"> • Review and investigation of NFI matches • Awareness raising and communication of fraud risks and internal reporting arrangements to employees. This includes liaison with risk champions supporting fraud risk development across the council. 	1-4
Anti Money Laundering Assurances	Testing on key systems/controls to gain assurance on Anti Money Laundering arrangements (Land and Property transactions).	Q4
Total number of days 980		

Key:- Council Plan Themes

- 1- People are Safe, Healthy and Live Well
- 2- Every Child able to fulfil their potential
- 3- Expanding economic opportunity
- 4- A cleaner, greener local environment
- 5- Every neighbourhood thriving
- 6- One Council

Summary of reports issued during the period November to January

Audit Area & overall opinion	Assurance Objective	Summary of findings
Adult Care, Housing and Public Health		
<p>Smoke and CO alarms Follow Up</p> <p>Reasonable Assurance</p>	<p>To provide assurance that the agreed actions arising from the previous audit of Health & Safety Legislation and Corporate Responsibilities for Council Homes – Smoke & CO detectors have been implemented.</p>	<p>The follow-up audit confirms that the implementation of The Compliance Workbook (TCW) software has enhanced the service delivery, addressing most issues identified in the previous audit. TCW has been adopted to manage smoke and CO detector data, however, it was noted that TCW has its own limitations, and further work is still required to ensure the completeness and accuracy of the information held within the system.</p> <p>The Service has confirmed that they have uploaded all historical gas and electrical certificates (circa 60,000 in total), and the TCW report identifies how many detectors are in the property. The information currently available in TCW is part of an ongoing data integration process and further work is required to ensure the completeness and accuracy of the data. Once all relevant information has been collated and fully integrated into TCW, a comprehensive report covering all assets including smoke and CO detector details will be achievable.</p> <p>The TCW is currently unable to extract all of the required details, (for example expiry data from electrical installation certificates and detectors, so the information is being gathered from various sources, including the Northgate Housing (NEC) system; manual inspections and historical records. Due to these limitations, some properties may not appear in TCW reports, even though relevant data may exist elsewhere. As a result, manual checks and cross-referencing remain essential to ensure full compliance and data accuracy.</p> <p>Work is ongoing with TCW and contract partners to address this issue. The aim is to standardise how expiry information is recorded, either by ensuring it appears in a consistent location within existing certificates, or by introducing a dedicated certificate for smoke and CO detectors. Once this process is finalised, expiry data will be more reliably captured and reported through TCW. In mitigation of the weakness, each property has an annual check, at which point any defective detectors should be highlighted. Further, it is the responsibility of the tenant to check their detectors and report any defective units to the Authority so they can be replaced.</p>

Audit Area & overall opinion	Assurance Objective	Summary of findings
<p>Statutory Tenancies</p> <p>Reasonable assurance</p>	<p>Assess the adequacy of the internal control arrangements for Compliance with Statutory Tenancy Processes and Regulator of Social Housing Consumer Standards and associated Code of Practice Tenancy Standard.</p>	<p>The audit found that current arrangements for measuring compliance with the statutory '42-day rule' for the communication of mutual exchange decisions to applicants are not robust. It was noted during the audit that there were current system limitations in reporting regarding the tracking of mutual exchanges. As the progress on exchanges is not easily visible this has limited the monitoring of progress. Non-compliance with the 42-day rule means that the Council loses the legal right to refuse permission for the exchange. This could potentially lead to under occupation of property, properties not being suitable for need or taking on a tenant with significant rent arrears.</p> <p>The audit found several instances where local procedures had not been followed in respect of Mutual Exchanges and Sole-Joint/Joint-Sole tenancy changes.</p> <p>The audit did not find any evidence of non-compliance with the Tenancy Standard (Consumer Standards) set by the Regulator of Social Housing Tenancy Standard (April 24).</p>
<p>Fire Safety in Council Homes</p> <p>Substantial assurance</p>	<p>To assess the adequacy of the internal control arrangements surrounding fire safety compliance in council housing.</p>	<p>The audit found that there are arrangements in place to ensure compliance with fire safety legislation and the Fire Safety Policy. There are arrangements in place to plan, record and monitor the undertaking of Fire Risk Assessments and Fire Risk Reviews and the implementation of remedial actions arising from these. Controls could be strengthened further by the formal documentation of these processes.</p> <p>The audit found that there are arrangements in place to record issues (including fire safety concerns) identified by Housing Officers, F&CS Facilities Services cleaning staff and F&CS Facilities Management caretaking staff. Arrangements could be improved by maintaining better records of action(s) taken by Housing Staff in response to these issues.</p>
<p>Asbestos Management in Council Homes</p> <p>Substantial assurance</p>	<p>Review the effectiveness and provide assurance of the Council's compliance with Health & Safety for Asbestos Management in Council tenanted properties.</p>	<p>Audit review confirmed adherence to the Control of Asbestos Regulations 2012, supported by the <i>Managing Asbestos – Guidance for Managers</i> framework. Qualified contractors are engaged for surveys and removals; however, RMBC's existing contracts have expired, introducing a compliance risk. The re-tendering process is in progress, with contract awards anticipated by March–April 2026.</p> <p>Operational assurance checks indicate that management surveys, refurbishment surveys, and re-inspections are completed accurately, records are maintained in</p>

Audit Area & overall opinion	Assurance Objective	Summary of findings
		<p>Northgate and on the Performance Spreadsheet, and monthly scorecards provide compliance reporting to senior management.</p> <p>Tenant communication remains robust, incorporating asbestos guidance in welcome packs, property reports, and a dedicated website section.</p>
Finance and Customer Services		
<p>NNDR (Business Rates)</p> <p>Substantial assurance</p>	<p>The overall objective of the audit was to assess the adequacy of the internal control arrangements for NNDR Billing, Reliefs and Refunds.</p>	<p>The audit confirmed that key risks such as inaccurate billing, incorrect relief application, ineligible relief claims, and misapplied refunds are effectively managed, with no significant issues impacting council revenue.</p> <p>Two minor errors were identified relating to retail discount and, whilst these do not suggest any systematic weaknesses, they do offer the opportunity for procedural improvement.</p>
<p>Asset Management Estimates and Capital Programme (Follow up)</p> <p>Reasonable assurance</p>	<p>The objective of the audit was to provide assurance that the agreed actions arising from the previous audit of Asset Management Estimates & Capital Programme have been implemented.</p>	<p>Assurance could be provided that procedural updates and associated new documentation have been completed, however, full implementation across the Business Design Team and to their clients is still in progress.</p> <p>Due to the complex and varied nature of the projects that the service is involved with, together with the broad scale of project knowledge and experience their clients have, the new process has, so far only been trialled with newer projects whose clients have more experience working on projects.</p> <p>The Service Director for Property and Facilities Services explained that while delivering the new process it was acknowledged that the organisations understanding of project management was not as mature as expected and therefore the delivery of the new procedures and documentation would initially need to be eased in and tested with their more experienced clients. This would ensure a more robust standardised procedure was in place which would meet both the services and client's needs and expectations.</p> <p>This decision was evident during the audit process as only intermittent examples of staff using the updated procedures and new documentation were identified. Building Design</p>

Audit Area & overall opinion	Assurance Objective	Summary of findings
		Team management confirmed that the expected full roll out of the new procedures and documentation, including staff training and addressing any teething issues, would be completed before April 2026 at which point all new projects will use the new documentation and follow the new procedures.
Regeneration and Environment		
Risk Registers Reasonable assurance	The overall objective of the audit was to provide assurance that robust risk management is enacted in accordance with Council policy and guidance.	The Directorate follows the corporate guidance on Risk Management. The key weakness is with the recording of risk changes rather than any risk process actions. Meeting records would provide clear evidence of the rationale and historical context of decisions made about the risk escalation and risk scores and, would contribute to futureproofing for the risk register entries both at the time the decisions were made and for actions taken at subsequent reviews.
Highways Structures Partial assurance	To provide assurance regarding compliance with the inspection regime, and a review of the adequacy of the follow up processes where issues have been identified.	The Highways Structures inspection programme has a significant and historic backlog that provides the Council with a greater likelihood of a Health and Safety incident that has serious consequences for the Council. R & E's management has confirmed current progress with the backlog. As at 2nd December 2025 twenty Principal Inspections had been commissioned with a further twenty-three to be commissioned. The current Highways Structures team that started in September 2024 are making progress to address the current weaknesses and being effectively supported by the Interim Head of Transport Infrastructure. Reduction of the risks to an acceptable level is a long term rather than short term goal and achievable objective due to current uncertainties over asset ownership and the potential volume of follow up inspections. Most of the principal inspections are to be undertaken by outside companies as all are outstanding and only a few can be completed by existing staff due to safety concerns as specialist equipment may be required. A follow up audit will be undertaken in 2026/27 to establish the progress made.
Trading Standards Unannounced visit	A full audit of Trading Standards was not carried out. The objective of this audit was on the security of the	Due to staff shortages, resulting from unfilled posts; sickness and other HR issues, there has been very minimal activity by the Trading Standards Service, with respect to seizures of goods from premises. This has resulted in slippage in some procedural areas and errors in recording details of seizures.

Audit Area & overall opinion	Assurance Objective	Summary of findings
Reasonable assurance	store and compliance with the stores procedures.	<p>At the time of the audit a new Trading Standards Manager was due to take up their post, together with a Trading Standards Officer. In addition, two members of staff on long term sick had commenced phased returns to work. A further member of staff is expected back in January 2026. It is hoped that the issues highlighted following the latest unannounced visit can be quickly resolved once staff availability has been addressed.</p> <p>Security of the evidence storeroom has been enhanced following the introduction of additional ID card access permissions. An inherent risk exists with respect to storage of items seized by South Yorkshire Police, who only provide items in sealed evidence bags without actual count numbers of the contents of these bags. Actions have been agreed to limit the severity of this weakness.</p>

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 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 low 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 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 a medium 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 and medium priority 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 high 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 matters and may also include medium priority matters.</p>

Internal Audit Performance Dashboard
Key Performance Indicators

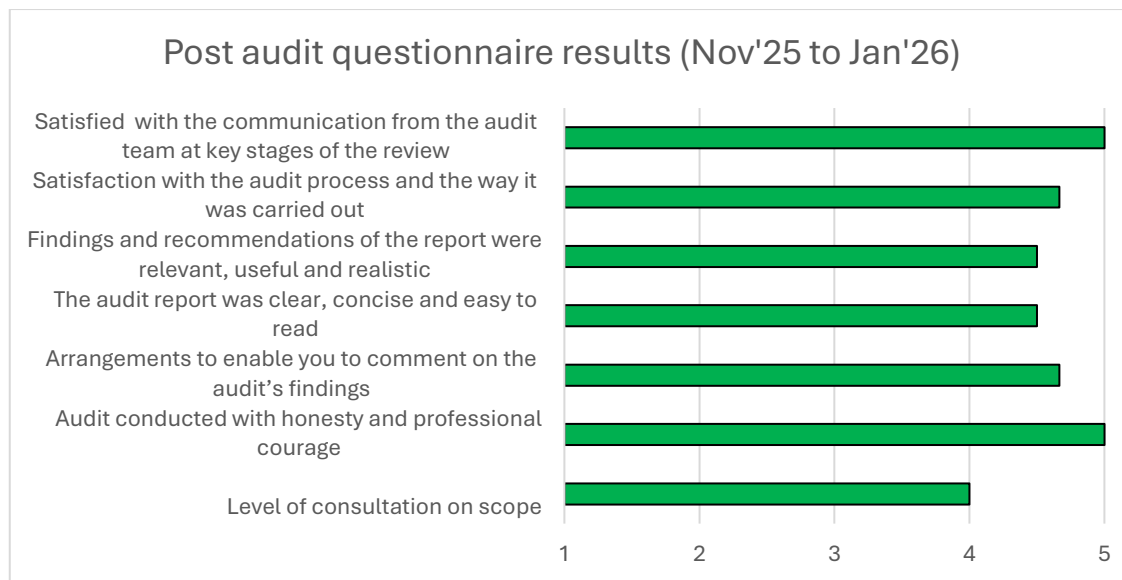
Performance Indicator	Target	April - July	Aug - Oct	Nov - Jan	Feb - Mar
Draft reports issued within 15 working days of field work being completed	90%	96%	80%	100%	
Final reports issued within 5 working days of customer response to the draft report	90%	100%	100%	100%	
Audits completed within planned time	90%	95%	100%	78%	

Audit Plan Progress

Assurance Type/ Directorate	2025/26 Plan	Completed	In progress	Not started
Adult Care, Housing and Public Health	10	4	2	4
Assistant Chief Executive	2	0	1	1
Childrens and Young People	2	1	1	0
Finance, Customer Services	12	3	3	6
Regeneration and Environment	9	3	4	2
Crosscutting	3	0	3	0
Grants	7	6	1	0

Post Audit Questionnaires

6 questionnaires were received during the period. The graph below illustrates the average responses to each question on a scale of 1-5, 5 being the highest level of satisfaction.



“Meetings arranged to discuss initially was very helpful, as was communication throughout the process. Felt like views were taken on board.”

“Open and transparent manner in which matters requiring clarity were resolved through open dialogue.”

“Clear communication throughout the process.”

“Auditor carried out the review and I found her to be very friendly and approachable. If she had any issues or didn't understand a process she was very good at getting in touch and asking the question.”

“A personable approach by the auditor that added value in having an independent person scrutinise the service in order to allow us to improve the offer that we have. Audit colleagues have always been very helpful and this is seen as a collaborative approach for improvement”

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Public Report with Exempt Appendices
Audit Committee

Committee Name and Date of Committee Meeting

Audit Committee – 17 March 2026

Report Title

Children and Young People's Services Directorate Risk Register

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

No

Strategic Director Approving Submission of the Report

Nicola Curley, Executive Director of Children and Young People's Services

Report Author(s)

Rob Savage, Strategic Programme Lead, Families First Partnership Programme and
CYPS Risk Champion

Robert.savage@rotherham.gov.uk

Ward(s) Affected

Borough-Wide

Report Summary

This report provides an update to Audit Committee in relation to the current position of the Children and Young People's Services Directorate Risk Register and risk management activity within the directorate.

Recommendations

The Audit Committee is asked to note the progress and current position in relation to risk management activity in the Children and Young People's Services Directorate.

List of Appendices Included

Appendix 1 CYPS Directorate Risk Register 170226 DLT Approved

Background Papers

Children and Young People's Services Risk Register report to Audit Committee in
March 2025

Corporate Strategic Risk Register report to Audit Committee in January 2026

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

Yes

An exemption is sought for Appendix 1 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.

Children and Young People's Services Directorate Risk Register

1. Background

- 1.1 The Children and Young People's Services (CYPS) Directorate Risk Register was last presented to Audit Committee in March 2025
- 1.2 The CYPS Directorate Risk Register as of 17 February 2026 has five risk items listed (Appendix 1)
- 1.3 One of the CYPS directorate risks also features on the Corporate Strategic Risk Register, which was last reviewed on 08 December 2025 and presented to Audit Committee on 13 January 2026 this is referenced below:

CYPS-01 and SLT-01

Business Objective - Keeping Children, Young People and families safe from harm

Risk Detail: Failure to keep children and young people safe e.g. Children and Young People at risk of Child Sexual Exploitation and other forms of abuse, neglect and Criminal Exploitation.

- 1.4 A further CYPS risk is consolidated in the Corporate Strategic Risk Register, as a council wide risk, with CYPS holding the directorate narrative in its own register.

CYPS-02 and SLT-16 (CS-01)

CYPS-02

Business Objective - CYPS to achieve budgetary savings linked to Medium Term Financial Strategy (MTFS) and to meet conditions set by all external funding streams

Risk Detail - CYPS failing to deliver services within budget.

SLT-16 (CS-01)

Business Objective - Maintaining a balanced budget and medium-term financial strategy that enables the continued delivery of core Council services and ensures the ongoing financial resilience of the Council

Risk Detail: Directorates failing to deliver services within budget due to rising demand, complexity or control. Failure to delivery Budget savings programmes.

Finance Settlements from Government being inadequate to meet service costs and demand increases. Economic factors impacting negatively on business rates and council tax income. Economic factors impacting the Council's Treasury Management strategies in such a way that is out of the Council's control.

2. CYPS Risk Management

2.1 CYPS is made up of four key service areas, each with a Service Director lead reporting into the Executive Director, these are;

- Childrens Social Care;
- Family Help;
- Education and Inclusion;
- Commissioning, Performance and Quality.

The composite of Executive and Service Directors make up the Directorate Leadership Team (DLT), along with key officers from Finance, Human Resources and Corporate Communications.

2.2 There is an identified CYPS Risk Champion and deputy who continue to form part of a corporate network, alongside other officers' responsible for risk management across the Council, this allows for good practice to be shared and co-working on key strategic risks to be facilitated.

2.3 CYPS directorate risks are discussed and reviewed at the CYPS Assurance Board Meeting, which is scheduled on a quarterly basis, with escalations (red and amber rated risks) reviewed outside of this reporting cycle by CYPS DLT during their weekly meeting, by exception.

The CYPS Executive Director takes ownership of the directorate risk management arrangements and where required will meet with the CYPS Risk Champion to provide additional decision or direction, should the aforementioned meetings not take place within a period of time required to mitigate.

2.4 Each Service Director within CYPS is accountable for managing a Service Risk Register which is formally monitored and reviewed with their Senior Managers on a monthly basis.

Each Service Risk Register is derived from key risks within operational areas following escalation from a Head of Service, these could be linked to a number of service delivery objectives such as transformation projects, service plans or outcomes from external inspections.

Escalations are made from Service level to the Directorate level at the discretion of a CYPS Service Director.

In the event a risk reviewed by CYPS Assurance Board (Directorate level) needs escalating this will be progressed by the CYPS Executive Director to the Strategic Leadership Team (SLT) for consideration.

2.5 The infographic below illustrates the four distinct levels of risk management within the CYPS directorate, this working model allows for escalation and de-escalation of risk as required.

In addition to the movement and management of risk within CYPS, there may be occasions where the responsibility for managing a risk is within another directorate, any movement will be negotiated between either directorate Risk Champions or Service Directors.

Risk Registers are published on the Council’s intranet at regular intervals by the CYPS Risk Champion.



- 2.6 As part of the corporate programme to embed risk management into the culture of the Council, all managers from CYPS are required to attend the mandatory ‘Risk Management Training for Managers’ workshops. New managers are invited to attend workshops as soon as possible after commencement in role.

The CYPS Risk Champion monitors the completion of the mandatory Risk Management training within the CYPS workforce alongside colleagues in Organisational Development. Managers in CYPS follow up non-completion of training through one to one discussions, which form part of My Year Ahead Plan reviews throughout the year.

- 2.7 The CYPS Directorate Risk Register, dated 17 February 2026 is aligned to the Council Plan 2025-30, Year Ahead Delivery Plan and all CYPS Service Plans.

- 2.8 CYPS risk items which have changed since the last Audit Committee review of the CYPS Directorate Risk Register, completed in March 2025 include;

Risk No.	Business Objective	Risk Detail	Change Since last report
CYPS-02	CYPS to achieve budgetary savings linked to Medium Term Financial Strategy (MTFS) CYPS to meet conditions set by all external funding streams	CYPS failing to deliver services within budget.	Risk rescored and improved position reported
CYPS-06	Deliver In House Children's Home Residential Programme	The children's homes identified for opening are not completed within time and budget agreed, or there is a delay or insufficiency in recruitment to statutory roles to mobilise	Risk rescored and improved position reported
CYPS-07	Ensure effective delivery of the SEND Sufficiency Programme in Rotherham	Demand outweighs available SEND school places Continuing demand for Independent Specialist Provision (ISP)	Refreshed wording – Safety Value superseded by SEND Sufficiency
CYPS-10	To successfully implement the new Education and Early Years system (EYES), including the migration of data held in a number of other key business systems	The implementation deadline is not achieved	New risk

3. Options considered and recommended proposal

- 3.1 The Audit Committee is asked to note the progress and current position in relation to risk management activity in the CYPS directorate and comment as required.

4. Consultation on proposal

- 4.1 The Corporate Strategic Risk Register is reviewed quarterly by SLT, with the CYPS Directorate Risk Register also being reviewed quarterly at CYPS Assurance Board meetings.

A strategic Risk Champions Forum is in place, with representation from the CYPS Risk Champion, at which directorate updates are presented and discussed with counterparts.

5. Timetable and Accountability for Implementing this Decision

- 5.1 Not applicable

6. Financial and Procurement Advice and Implications

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

Any actions taken by the CYPS directorate or Council in response to risks identified will consider any financial and/or procurement implications at the point of decision making to mitigate risks.

7. Legal Advice and Implications

There are no direct legal implications arising from this report.

Any actions taken by the CYPS directorate or Council in response to risks identified will consider any legal implications

8. Human Resources Advice and Implications

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

Any actions taken by the CYPS directorate or Council in response to risks identified will consider any Human Resources implications

9. Implications for Children and Young People and Vulnerable Adults

- 9.1 The CYPS risk register is focussed on managing risks to improve outcomes for children and young people and promoting every child is able to achieve, working with Rotherham's children, young people and families to be resilient, successful and safe.

10. Equalities and Human Rights Advice and Implications

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

Any actions taken by the CYPS directorate or Council in response to risks identified will consider any Equalities and Human Rights Advice implications

11. Implications for CO₂ Emissions and Climate Change

- 11.1 There are no direct CO₂ Emissions and Climate Change implications arising from this report.

Any actions taken by the CYPS directorate or Council in response to risks identified will consider any CO₂ Emissions and Climate Change implications

12. Implications for Partners

- 12.1 There are no direct implication for Partners arising from this report.

Any actions taken by the CYPS directorate or Council in response to risks identified will consider any Partner implications

13. Risks and Mitigation

- 13.1 The CYPS Directorate Risk Register 170226 DLT Approved (Appendix 1) details the directorate level risks and mitigations.

14. Accountable Officer(s)

- 14.1 Nicola Curley, Strategic Director, Children and Young People's Services
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Report Author

Rob Savage, Strategic Programme Lead, Families First Partnership
Programme and CYPS Risk Champion
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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Public Report
Audit Committee

Committee Name and Date of Committee Meeting

Audit Committee – 17 March 2026

Report Title

Audit Committee Forward Work Plan

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

No

Executive Director Approving Submission of the Report

Judith Badger, Executive Director of Corporate Services

Report Author(s)

Louise Ivens, Head of Internal Audit

Tel: 01709 823282 Email: louise.iven@rotherham.gov.uk

Ward(s) Affected

Borough-Wide

Report 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.

Recommendations

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 that 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 direct financial or procurement implications 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 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 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.

Accountable Officer(s)

Louise Ivens, Head of Internal Audit

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Tel 01709 823282 E mail louise.iven@rotherham.gov.uk

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

Audit Committee Forward Work Plan

Meeting Date	Key Responsibility	Agenda Item	Author
June 2026	Financial Reporting	Draft Statement of Accounts	Rob Mahon
	Governance Risk and Control	Draft Annual Governance Statement	Judith Badger
	External Audit	External Audit Plan and Progress Update	Grant Thornton
	Treasury Management	Treasury Management Outturn and summary Prudential Indicators	Rob Mahon
	Governance Risk and Control	Procurement Annual Report	Karen Middlebrook
	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
July 2026	External Audit	External Audit Progress Report	Grant Thornton
	Treasury Management	Treasury Management Quarterly Update	Rob Mahon
	Governance Risk and Control		Joshua Amahwe

		Dedicated Schools Grant/High Needs/Safety Value Programme	
	Governance Risk and Control	Risk Management Annual Report and Corporate Strategic Risk Register	TBC
	Governance Risk and Control	External Audit and Inspection Recommendations	TBC
	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
September 2026	Financial Reporting	Update on Statement of Accounts	Rob Mahon
	Governance Risk and Control	Information Governance Annual Report	Luke Sayers
	Internal Audit / Governance Risk and Control	IA Progress Report	Louise Ivens
	Governance Risk and Control	Risk Management Directorate Presentation - Policy, Strategy and Engagement	TBC
	Governance Risk and Control	Code of Corporate Governance	TBC
	Governance Risk and Control	Anti-Fraud and Corruption Policy and	Louise Ivens

	Audit Committee Accountability	Strategy and Anti Money Laundering Policy review and update Audit Committee Forward Work Plan	Louise Ivens
November 2026	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)	Grant Thornton / Rob Mahon
	Treasury Management	Mid-Year Report on Treasury Management and quarterly update	Rob Mahon
	Governance Risk and Control	Risk Management Guide	TBC
	Governance Risk and Control	Risk Management Directorate Presentation - Regeneration and Environment	Andrew Bramidge
	Internal Audit / Governance Risk and Control	IA Progress Report	Louise Ivens
	Audit Committee Accountability	Audit Committee Forward Work Plan	Louise Ivens
January 2027	Financial Reporting	Final Accounts closedown and accounting policies	Rob Mahon
	Governance Risk and Control	External Audit and Inspection recommendations	TBC
	Governance Risk and Control	Strategic Risk Register	TBC

	Governance, Risk and Control	Risk Management Directorate Presentation - Corporate Services Directorate	Judith Badger
	Audit Committee Accountability	Audit Committee Forward Work Plan	Louise Ivens
March 2027	Governance Risk and Control	Chief Executive Presentation	John Edwards
	Treasury Management	Treasury Management Quarterly Update	Rob Mahon
	Governance Risk and Control	Procurement Annual Report	Karen Middlebrook
	Internal Audit / Governance Risk and Control	IA Progress Report	Louise Ivens
	Internal Audit	IA Annual Plan	Louise Ivens
	Internal Audit	Global Internal Audit Standards Internal Audit Self Assessment, Quality Assurance and Improvement Plan and Audit Charter	Louise Ivens
	Governance Risk and Control	Risk Management Directorate Presentation - Children and Young People's Service	Nicola Curley
	Audit Committee Accountability	Audit Committee Forward Work Plan	Louise Ivens

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