

ROTHERHAM BOROUGH COUNCIL – REPORT TO AUDIT COMMITTEE

1.	Meeting:	Audit Committee
2.	Date:	23rd September 2015
3.	Title:	External Audit and Inspection Recommendations
4.	Directorate:	Corporate and Financial Services

5. Summary

5.1 In line with the audit committee prospectus “A fresh start”, the purpose of this report is to provide members of the Audit Committee with details of arrangements that are in place regarding the accountability and governance for implementing recommendations arising from external audits or inspections. This excludes recommendations relating to both the Children & Young People’s and Corporate Improvement Plans, which were subject to a separate report to the Audit Committee in July 2015.

6. Recommendations

6.1 That the Audit Committee notes the governance arrangements that are currently in place for monitoring and managing the recommendations from external audits and inspections.

6.2 That the Audit Committee continues to receive regular reports in relation to external audit and inspections and progress in implementing recommendations

7. Proposals and Details

7.1 Since September 2014 there have been a number of external audits or inspections where recommendations have been made for improvements to services. This report covers the areas of concerns raised in the audits and inspections, and identifies the governance arrangements to ensure a robust response and associated improvements in order to provide the Audit Committee with assurance that appropriate arrangements are in place for responding to external reviews, in line with the Audit Committee's responsibilities.

7.2 Actions included in the Children & Young People's and Corporate Improvement Plans are not covered by this report, as they were subject to a separate report to the Audit Committee in July 2015.

7.3 Adult Social Care

7.3.1 In **September 2014** the Care Quality Commission (CQC) carried out a compliance check at **Netherfield Court** (intermediate care provider). This was a follow-up to a previous unannounced inspection in July 2014, which had identified one minor area of non-compliance with standards and 3 actions required in relation to infection control. The rest of the outcomes from the inspection were largely positive.

7.3.4 In response to the unannounced inspection, the service produced and implemented an action plan, which was considered by the Adult Social Care Directorate Management Team (DMT) and Cabinet Member, and was formally published within the Local Account 2014 in line with statutory requirements.

7.3.5 The follow-up compliance visit in September 2014 found the provision to be fully compliant.

7.3.6 There are no recommendations outstanding in relation to Netherfield Court.

7.4 The CQC has completed a reduced programme of inspections since April 2015 where two further services have been inspected, as follows:

- **Treefields Close** (Learning Disability Respite Service) where the service was awarded an overall rating of Good. **There is, however, one recommendation outstanding following the inspection;** there had been no registered manager in post for several months despite it being a condition of the home's registration that one was needed. The registration process of the new manager has commenced and sign off by CQC is expected by December 2015.
- **Quarry Hill Road** (Learning Disability Respite Service), the inspection report is still awaited, however the verbal feedback at the conclusion of the inspection was positive

7.5 Overall Adult Services have a satisfactory compliance record with standards subject to inspection. However, Adult Social Care will adopt stronger practices now

implemented in Children & Young People's Services to further strengthen its arrangements for preparing for inspections and responding to their outcomes.

7.6 Finance and Corporate Services

7.6.1 Each year the External Auditor issues a range of reports relating to the work to be undertaken and these are presented to Audit Committee when issued:

- External Audit Plan which outlines the audit approach and identifies areas of audit focus and planned procedures
- Interim Audit Report (if required), which details control and process issues and identifies improvements required prior to the issue of the draft financial statements and the year-end audit
- Report to those charged with Governance (ISA260 report) which:
 - Details the resolution of key audit issues
 - Communicates adjusted and unadjusted audit differences
 - Highlights recommendations identified during the audit
 - Comments on the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources (Value For Money).
- Annual Audit Letter which summarises the outcomes and key issues arising from the audit work specifically in relation to:
 - Audit of accounts
 - Value for Money Conclusion
 - Any Other Matters the external auditor is required to communicate.

7.6.2 Any recommendations made by the External Auditor in relation to issues identified and the management responses to those recommendations are highlighted in the reports presented to Audit Committee. In carrying out the audit work each year the External Auditor examines progress in addressing previous recommendations made and comments on progress within future reports.

7.6.3 There were no recommendations made in relation to the audit of the 2013/14 financial year.

7.6.4 As reported elsewhere on the Committee's agenda **three low priority recommendations** have been raised within the Report to those charged with Governance (ISA260 report) in relation to the 2014/15 financial year. These have been discussed and agreed with the Auditor and measures have been put in place to address the issues raised. Any recommendations are addressed by Financial Services and signed off at the interim visit by KPMG and then completion reported in the final year-end report.

7.6.5 Each local authority's external auditor is required to certify that the annual claim for reimbursement by the Government of **Housing Benefit** (a means tested benefit administered by local authorities on behalf of the Department for Work and Pensions (DWP)) is fairly stated and to report any errors/adjustments to the DWP in a covering letter that accompanies the claim

7.6.6 Whilst the DWP have no formal inspection process it does reserve the right to carry out an inspection if circumstances warrant it, i.e. if a local authority's performance causes concern.

7.6.7 KPMG, who carry out the audit on behalf of DWP, check the financial validity of the subsidy claim and, depending upon their findings, can:

- Where, no errors are found during their audit, certify the claim as fairly stated (i.e. provide an unqualified opinion on the Council's return)
- Where minor errors are found, agree adjustments to the claim with the Council and make no reference to errors in their opinion to the DWP (without qualification)
- For more significant errors, either in process or figures, the external auditor is likely to qualify the opinion on the Council's return and explain the reasons for doing so to the DWP, who will then determine what action, if any, needs to be taken on any points raised by the auditor.

7.6.8 The audit of the Council's 2014/15 claim is underway at present. In previous audits the Council has received only very minor qualifications resulting in amendments being made to the final claim in accordance with the DWP arrangements.

7.7 Economic Development Services and Housing & Neighbourhood Services

7.7.1 In January 2015 the **Council's Registration Service** had an inspection carried out by the Passport Office – General Registrar Office. This was largely positive where eight areas inspected were met and two not met, with the two not met relating to the security and control of registration document stocks. One recommendation and six actions were made, and these were subject to an action plan which was subsequently agreed and signed off. These were subject to reports to DMT, Cabinet Member and a follow-up internal audit review, reported in July 2015

There are no recommendations outstanding in relation to the Registration Service

7.7.2 External peer health checks have been commissioned. These will be led by the LGA and cover waste, transport, highways, housing, culture, sport and leisure. Peer reviewers have been appointed, dates set, format agreed and guidance issued. The first peer service health check (for Housing) will take place from mid-September, and it is intended the full programme will be completed by the end of November 2015.

8. Finance

8.1 There are no specific financial issues associated with this report

9. Risks and Uncertainties

9.1 There is a risk that actions are reported as completed without appropriate substance. It is important that arrangements are in place as part of the respective quality assurance regimes and monitored through performance management, evidencing not just completion of actions, but the associated outcomes.

10. Policy & Performance Agenda Implications

10.1 Approaches to inspection and assessment of local authorities are still subject to change across Government. In relation to both Children and Young People's services and Adult Social Care they tend to focus on the most vulnerable people in our communities and in particular around safeguarding. Governance around sound financial practice is important as is the avoidance of fraud and accuracy of payments to benefit claimants.

11. Background Papers and Consultation

11.1 Audit Committee Paper – Corporate and Children & Young People's Service Improvement Plans - 22nd July 2015

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