

**Committee Name and Date of Committee Meeting**

Audit Committee – 29 July 2021

**Report Title**

Internal Audit Annual Report 2020-21.

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

No

**Strategic Director Approving Submission of the Report**

Judith Badger, Strategic Director of Finance and Customer Services

**Report Author(s)**

David Webster, Head of Internal Audit  
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**Ward(s) Affected**

Borough-Wide

**Report Summary**

This report provides information on the role of Internal Audit; the work completed during 2020-21 and highlights the key issues that have arisen from it. It provides the overall opinion of the Head of Internal Audit on the adequacy of the Council's control environment, risk management and governance. It also provides information regarding the performance of the Internal Audit function during 2020-21.

Based upon internal audit work undertaken and taking into account other internal and external assurance processes it has been possible to complete an assessment of the Council's overall control environment. In the opinion of the Head of Internal Audit, Rotherham Metropolitan Borough Council had overall an adequate and effective framework of governance, risk management and control during 2020-21, including the response to Covid-19.

**Recommendations**

The Audit Committee is asked to:

1. Note the Internal Audit work undertaken during the financial year 2020-21 and the key issues that have arisen from it.
2. Note the overall opinion of the Head of Internal Audit on the adequacy and effectiveness of the framework of governance, risk management and control within the Council.

**List of Appendices Included**

Appendix 1 Internal Audit Annual Report 2020-21.

**Background Papers**

UK Public Sector Internal Audit Standards.

Local Government Application Note.

Accounts and Audit (England) Regulations 2015.

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

No.

**Council Approval Required**

No

**Exempt from the Press and Public**

No

## **Internal Audit Annual Report 2020-21.**

### **1. Background**

- 1.1 Internal Audit produced a risk based Annual Audit Plan in accordance with the UK Public Sector Internal Audit Standards (PSIAS). This was received by the Audit Committee at its meeting in August 2020, having been updated to allow for the impact of Covid-19. The Plan was regularly reviewed and monitored during the year so that it provided sufficient coverage of the key risks facing the Council.
- 1.2 During the year the Audit Committee received periodic updates on the work of Internal Audit and a summary of the key issues that arose. This annual report is a final summary of Internal Audit activity.
- 1.3 The report is attached at **Appendix 1** and includes the following information:
  - Legislative requirements and Professional Standards
  - The Head of Internal Audit's annual opinion on the control framework, risk management and governance
  - Resources and audit coverage during the year
  - Summary of audit work undertaken during 2020-21, including both planned and responsive / investigatory work
  - Summary of other evidence taken into account for control environment opinion
  - Summary of audit opinions and recommendations made
  - Internal Audit performance indicators

### **2. Key Issues**

- 2.1 The Head of Internal Audit's opinion is that there was overall an adequate and effective framework of governance, risk management and control during the majority of the year.
- 2.2 The emergency measures implemented in response to Covid-19 resulted in changes to procedures and control arrangements. Standards of governance and control were maintained during the year, with risk management being utilised to help manage the response.
- 2.3 We did not issue any No Assurance audit opinions during the year. We gave an opinion of Partial Assurance in six areas subject to audit. None of these were considered serious enough for inclusion in the Annual Governance Statement.
- 2.4 We can confirm that action plans have been agreed with management in respect of all final audit reports issued.
- 2.5 During the year most of the audit team spent time supporting the Finance department in processing applications for Business Support Grants, totalling more than 235 days. There was also a substantial level of sickness absence within the Internal Audit team during 2020-21 with 70 days sickness being recorded, in the summer and at the end of the year. However, resource levels provided sufficient capacity to provide an adequate level of assurance, and

sufficient work was completed to enable the Head of Internal Audit to provide his overall opinion.

- 2.6 Public Sector Internal Audit Standards (PSIAS) require that an assessment of the Internal Audit function must be undertaken annually, with an external assessment at least every five years. In 2020-21 an external assessment was completed which showed general conformance with the standards.
- 2.7 A Quality Assurance and Improvement Programme (QAIP) was put into place during 2020 with the results reported to the Audit Committee in March 2021. This showed delays because of the response to Covid, but three of the actions had been completed and two were in progress. One action will be completed in 2021. An updated QAIP based on the external assessment has been produced to maintain and increase the level of conformance within the team. This has twelve Actions to Consider which will be actioned and monitored during 2021.

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

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

### **4. Consultation on Proposal**

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

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

- 5.1 The Audit Committee is asked to receive this report at its 29<sup>th</sup> July 2021 meeting.

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

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

### **7. Legal Advice and Implications**

- 7.1 The provision of Internal Audit is a statutory requirement for all local authorities that is set out in the Accounts and Audit (England) Regulations 2015. These state: "*each principal authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance*"

*processes, taking into account public sector internal auditing standards or guidance.”*

7.2 Internal Audit also has a role in helping the Council to fulfil its responsibilities under s.151 of the Local Government Act 1972, which are: *“each local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.”*

## **8. Human Resources Advice and Implications**

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

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

9.1 This document constitutes a report of progress against delivery of the Internal Audit Plan 2020-21. A significant proportion of the Plan was devoted to the examination of risks facing Children and Young People’s Services and Adult Social Care.

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

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

## **11. Implications for Partners**

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

## **12. Risks and Mitigation**

12.1 The following risks have been identified:

| Risk   | Impact | Likelihood | Mitigation  |
|--|--------|------------|---|
| Not having/failing to deliver a risk-based Plan. Audit Plan does not reflect current risks/threats to Council. Unforeseen demands upon audit resources, e.g. increase in frauds/investigations and/or requests from management (responsive work). Insufficient resources to complete work to support the annual opinion. | 3      | 2          | Risk-based approach to audit planning, including consultation with management. Robust task/time management process. Audit Plan kept under review to ensure it reflects key risks across Council. Half-yearly meetings with all Directorate management teams to ensure plan is up to date. Progress reports provided to Audit Committee. Plan for 2020/21 revised to account for fewer resources and to include consideration of changes to procedures. Resources monitored to ensure sufficient to complete the plan. |

|   |   |   |   |
|---|---|---|---|
| Management introduce new systems / processes with inadequate controls.  | 3 | 3 | Contact with SLT / DLT's over current developments. Received information on the Covid changes in order to consider them for review.<br>Consultation with DLT's and SLT. Promote IA in SLT and DLTs. Review of projects in Customer Services and Efficiency Programme. Review changes to systems for possible inclusion in plan. |
| Audit testing may not reflect current risks. Major systems changes occur without IA awareness, increasing risk. Scope of our work does not take account of this. Unforeseen demands upon audit resources, e.g. increase in frauds/investigations and/or requests from management (responsive work). | 3 | 3 | Risk-based approach to audit planning. Robust task/time management process. Progress reports to Audit Cttee. Changes due to Covid-19 included in the plan.<br>Complete audits of corporate and directorate financial systems. Review changes to systems for possible inclusion in plan  |

### 13. Accountable Officer(s)

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

# **Rotherham Metropolitan Borough Council**

## **Internal Audit Annual Report 2020-21**

# 1 Introduction

## 1.1 Objectives of the Report.

The objectives of this report are:

- To provide a summary of the Internal Audit work undertaken during the financial year 2020-21 and the key issues that have arisen from it.
- To present the opinion of the Head of Internal Audit on the adequacy and effectiveness of the Council's control environment, risk management and governance arrangements, which supports the Council's Annual Governance Statement (AGS).
- To provide information regarding the performance of the Internal Audit function during the 2020-21 year.

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

## 1.2 Legislation Surrounding Internal Audit.

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

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

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

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

## 1.3 Professional Standards

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

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

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

A self-assessment against the standards was completed in January 2020 with the results reported to the Audit Committee in May 2020. The Internal Audit Service was assessed as generally conforming to the Standards. The assessment resulted in the development of a QAIP for 2020. During 2020, actions were delayed due to the response to Covid, but three of the actions were completed, two were commenced with one due to be implemented in 2021. An external assessment was completed in November 2020. This showed that General Conformance with the standards had been maintained. An updated QAIP was then produced to include the Actions to Consider in that assessment. This will be implemented and monitored during 2021.

The CIIA define General Conformance as follows.

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

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

#### 1.4 The Definition and Role of Internal Audit

The definition of Internal Auditing in PSIAS is as follows:

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

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

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

## **1.5 Assurance**

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

## **1.6 Independence**

Throughout the year the team supported the Finance department in processing applications for Business Support Grants as a result of Covid-19. That support continued until the end of April 2021. Whilst working operationally is contrary to the Charter, the work is in one small area of the Authority and does not affect the overall independence of the department. One member of the team who had not been involved in the support was able to audit the operation in during the year.

During 2020/21 the Head of Internal Audit carried out some wider organisational duties that might be considered to conflict with the purely independent role of Internal Audit. These relate to the preparation of the Annual Governance Statement and his role as one of the Whistleblowing Officers. Any conflicts are handled by independent scoping and reporting of these areas.

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

# **2 Internal Audit Assurance for 2020-21**

## **2.1 Internal Audit Opinion**

For the year ending 31 March 2021, based on the work we have undertaken, my opinion is that Rotherham Metropolitan Borough Council had overall an adequate and effective framework of governance, risk management and control.

## **2.2 Scope of the opinion**

In arriving at that opinion, I have taken into account

- The results of all internal audits undertaken during the year (see Appendix A for a summary of audits)
- The results of follow up action taken in respect of audits from previous years
- The appropriateness of the proposed action by management to address control weaknesses and consequent risks

- Matters arising from previous reports or other assurance providers to the Audit Committee and/or the Council
- No limitations having been placed on the scope of internal audit
- No resource constraints having been imposed on us which may have impacted on our ability to meet the full audit needs of the Council; and
- Where weaknesses have been identified, the action plans in place to address those weaknesses.

## 2.3 The basis of the opinion

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

### Governance

The council's governance framework comprises a range of policies, procedures and processes. At the highest level this includes the Council Plan, which is monitored and reported on regularly. It is supported by a range of policies and strategies to ensure that governance is applied throughout the Council. During the year there was a review of Schemes of Delegation. In addition, many of the other audits undertaken touched on the implementation of the policies and strategies.

A Corporate Governance Group operated during the year, chaired by the Strategic Director Finance and Customer Services and comprising the Corporate Improvement and Risk Manager and the Head of Internal Audit. The group produced the annual review of the RMBC Code of Corporate Governance based on the seven principals from the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) guidance on 'delivering good governance', published in 2016. This was updated to include the responses to Covid-19 and presented to the Audit Committee in November 2020.

The group has the following roles:

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

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

2020-21 was significantly different to a 'normal' year. The impact of the Covid-19 pandemic meant that the council had to operate under lockdown whilst at the same time responding to the evolving situation. Gold and Tactical groups were set up to manage the threats. Meetings were minuted and actions logged, and decisions referred to Members as required. There was no disruption to decision-making by Members due to the increased use of technology. Standards of governance were maintained throughout the year.

The Internal Audit plan was updated in June 2020 and included reviews of new arrangements put into place in response to Covid. These were found to be well controlled and working well.

## **Risk Management**

Risk management has been maintained throughout the year. There is a hierarchy of risk registers dealing with strategic and operational risks at SLT, DLT and service level. These are regularly reviewed, discussed and amended to ensure they remain up to date. Risks are escalated to strategic level as necessary. The Audit Committee reviewed the strategic risk register in August 2020 and January 2021, and Directorate risk registers on a rolling basis throughout the year.

The council's emergency response to Covid required the temporary replacement of normal risk management arrangements. However, risk management was used positively to help effectively manage the Covid response. A coordinated and structured 'threat and risk' logging and reporting process was established, with regular reporting to Tactical and Gold Groups. The reporting process included the risk, current mitigation, RAG rating, required actions for further mitigation, action dates and the person responsible for leading on the actions.

## **Internal Control**

Our opinion on the Council's control environment is based on our assessment of whether the controls in place in the services and functions subject to audit support the achievement of the Council's objectives as set out in the 2020-21 Annual Audit Plan and the individual audit reports issued.

Audits were carried out in all areas of the Council during the year. The overall level of control found in audits was good. No area stood out as being worse than the others. 85% of audits where an assurance level was given resulted in a Substantial or Reasonable Assurance opinion, and no audits resulted in a No Assurance opinion. During 2020-21, 157 recommendations were made to improve the internal control, risk management and governance arrangements across the Council. Of these, 5 were in the highest category (red). There were six Partial Assurance audit opinions in the year:

- |   |      |
|---|------|
| • Establishment Control                         | ACX  |
| • Transition from Children's Care to Adult Care | ACH  |
| • Fostering and Adoption Allowances             | CYPS |
| • Contract Sealing                              | FCS  |
| • Home to School Transport                      | R&E  |
| • Section 106 and Community Infrastructure Levy | R&E  |

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

A comparison with the previous year shows an overall increase in the assurance levels. In 2019-20, 77% of audits resulted in a Substantial or Reasonable opinion on. During 2019-20, 227 recommendations were made. Of these, 11 were in the highest category (red). There were ten Partial Assurance audit opinions in the year.

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

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

In forming our opinion, we also take into account the findings from external reviews of the Council's activities. The Corporate Risk Manager presents a six-monthly report that details recent and current external audits and inspections, including the details of arrangements that are in place regarding the accountability and governance for implementing recommendations arising from these. Reports were submitted to Audit Committee in August 2020 and January 2021.

## **3. Review of the Service**

### **3.1 Resources**

Throughout the year the audit team has been almost fully staffed, with an actual staffing of 7.67 fte against an establishment of 8 fte. The difference arises because one member of the team works four days a week and another only works during term time. This level of staffing was accounted for in the Internal Audit Plan agreed in August 2020.

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

Nevertheless, it is the opinion of the Head of Internal Audit that resource levels throughout the year provided sufficient capacity to provide an adequate level of assurance to the Audit Committee and the Strategic Director of Finance and Customer Services. As a result of careful management of our resources and significant effort by a very small team, sufficient work was completed during 2020-21 to enable the Head of Internal Audit to provide his overall opinion.

### **3.2 Revisions to the Audit Plan**

The audit plan was originally prepared before March 2020. After the first Covid lockdown the plan was revised and presented to the Audit Committee in August 2020. The factors taken into account as part of this review were as follows:

- The audits outstanding from the previous year's plan

- The reduction in the available audit days because of the lockdown and the reallocation of auditors to other work
- The need to include reviews of changes to operational practices within the plan.

It was also imperative to maintain a balanced programme of work that would inform Internal Audit's annual opinion on the overall adequacy of the Council's control environment. The revised plan included the examination of the new working arrangements in order to give that opinion. This therefore represented a higher level of assurance over the year than would have been gained from keeping to the original plan.

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

At the end of the financial year there is always a small proportion of the plan that remains to be completed. The remaining work was therefore considered and decisions taken on each outstanding project to either complete it, move it to the 2021-22 plan or cancel it.

### 3.3 Level of Audit Coverage during the year

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

| Audit Area                              | Original Plan Days | Revised Plan Days | Actual Days |
|---|--------------------|-------------------|-------------|
| Corporate                               | 30                 | 40                | 34          |
| Assistant Chief Executive               | 115                | 90                | 99          |
| Adult Care and Housing                  | 135                | 105               | 76          |
| Children and Young People Services      | 145                | 140               | 130         |
| Finance and Customer Services           | 210                | 165               | 195         |
| Regeneration and Environment            | 135                | 115               | 100         |
| Investigations and Advice / Consultancy | 250                | 170               | 71          |
| Contingency                             | 40                 | 30                |             |
| Anti-Fraud                              | 30                 | 30                | 23          |
| Grants                                  | 50                 | 50                | 41          |
| Operational work                        | 0                  | 0                 | 236         |
|   |                    |                   |             |
| Total                                   | 1140               | 975               | 1019        |

The plan is produced after taking into account estimated unproductive time. There was an unusual amount of sickness during the year, amounting to 70 days. During

the year 236 days were spent on operational work in support of the response to Covid-19, concentrated in the periods from April to August 2020 and January to March 2021. In the main this was the processing and checking of Business Support Grants to local businesses. 250 days were allocated for investigation work in the original plan, based on the number of days used in previous years. During 2020-21 fewer investigations arose, so that only 71 days were needed.

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

The original plan showed 62 audits to be completed in 1140 days. After the revision due to the first lockdown this was changed to 46 audits in 975 days. There is always a time lag in terms of the dates of audits, with the audit plan for any year not being completed at the end of March but in April/May. Additions and deferrals also make comparison of actual work completed against the plan more difficult, and some investigation work results in reports with recommendations to correct weaknesses. However, within 2020-21 40 final reports were issued, plus 2 investigation reports. In addition, at year end there were another 3 audit reviews that had been completed, with the reports in draft form. In overall terms, this shows that the plan was substantially achieved.

### **3.4 Summary of Findings from Audit Reviews.**

Internal Audit provides an opinion on the control environment for all systems, services or functions which are subject to audit review. These are taken into account when forming our overall annual opinion on the Council's control environment. All final audit reports are issued to the appropriate Strategic Director, Assistant Director and Service Manager. In addition, where an opinion of partial or no assurance is given, the final report is also sent for information to the Chief Executive. A summary of the results of reports issued during 2020/21 is given in **Appendix A**.

### **3.5 Reporting of Audit Findings.**

After reports are finalised Internal Audit subsequently seeks assurance that agreed actions emanating from audit work have actually been implemented. As a minimum this involves the manager responsible updating automated audit software with an assurance that agreed actions have been implemented or, where they have not, appropriate progress is being made. Where fundamental weaknesses in internal control arrangements have been identified, a more detailed follow up piece of work is undertaken.

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

### **3.6 Implementation of Audit Recommendations**

All actions arising from audit recommendations are tracked automatically. A report on aged outstanding actions is presented to the Audit Committee at each meeting. These actions initially proved difficult to clear. At the start of the year there were 46

overdue outstanding actions. In November a presentation was made to Assistant Directors and Heads of Service emphasising that implementation dates must be realistic and achieved if possible. With the support of the Chief Executive and SLT the number of aged outstanding actions at the year-end had reduced to 8. There will always be valid reasons for some implementation dates not being achieved, so this level is considered reasonable.

### **3.7 Investigations**

There were no major fraud investigations during the year. That can partly be attributed to the strong internal controls and sound governance procedures in place. Internal Audit also reviews the issues arising from the irregularities investigated, and where appropriate carries out wider testing to obtain either assurance or ascertain areas where improvements are needed. There is an Anti-Fraud and Corruption Strategy and Policy in place which include various policies and standards to manage fraud and corruption. During the year 48 days were spent on investigations. 2 were completed during the year with 1 ongoing. There was no pattern to the subjects of the investigations, and none were significant in terms of the governance of the Council.

### **3.8 Anti-Fraud work**

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

The department completed the following:

- The Anti-Fraud and Corruption Policy and strategy were updated and presented to the Audit Committee in September 2020. They were subsequently entered onto the Intranet.
- Continued to work on the National Fraud Initiative to identify errors and fraud.
- Reviewed the controls in place for Covid Business Support Grants to minimise the likelihood of fraudulent applications being processed.

### **3.9 Advisory work**

A further 23 days were spent on Advisory work. This includes work that does not result in an audit report but adds value to the Council by contributing to working groups or providing advice.

### **3.10 Grants**

During the year the department completed reviews in accordance with the grant funding body requirements for the following grants.

- Troubled Families
- Local Transport Capital Block Funding
- Disabled Facilities
- LTP Blue Badge Implementation
- NPM Scheme – College Road
- Bus Service Operators

- Rotherham Show Arts Council
- Green Homes

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

### 3.11 Schools

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

### 3.12 ICT Audits

During the year we engaged the services of another local authority's ICT Internal Audit Team who have over thirty other public sector clients. They completed a detailed risk assessment of our ICT risks from which an Audit Needs Assessment was generated. This will be the basis for more detailed audit work in 2021-22.

### 3.13 South and West Yorkshire Audit Group

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

### 3.14 External work

During the period Internal Audit provided audit services on a fee earning basis to two academies. Since academies are separate legal entities to the Council, this work does not have any impact on our overall opinion of the Council's control environment. The findings, recommendations and conclusions arising from these engagements are therefore not reported to the RMBC Audit Committee.

### 3.15 Internal Audit Performance Indicators

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

| <b>Performance Indicator</b>                                       | <b>2019-20 Actual</b> | <b>2020-21 Target</b> | <b>2020-21 Actual</b> |
|--|-----------------------|-----------------------|-----------------------|
| Draft reports issued within 15 days of field work being completed. | 84%                   | 90%                   | 83%                   |
| Productive Time / Total Time.                                      | 63%                   | 80%                   | 79%                   |
| Audits completed within planned time.                              | 95%                   | 90%                   | 88%                   |
| Client Satisfaction Survey.  | 98%                   | 100%                  | 100%                  |

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

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

Thirteen Client satisfaction surveys were returned by management after audits were completed, which represents around a 30% response rate. All of them were rated as 'satisfied' or better.

**Analysis Of Internal Audit Opinions and Recommendations Made in 2020-21**

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

| <i>Audit Area</i>                    | <i>Audit Opinions</i>        |                             |                          |                     |                         |              | <i>Number of Recommendations Made</i> |              |              |              |
|--------------------------------------|------------------------------|-----------------------------|--------------------------|---------------------|-------------------------|--------------|---------------------------------------|--------------|--------------|--------------|
|                                      | <i>Substantial Assurance</i> | <i>Reasonable Assurance</i> | <i>Partial Assurance</i> | <i>No Assurance</i> | <i>No opinion given</i> | <i>Total</i> | <i>red</i>                            | <i>amber</i> | <i>green</i> | <i>Total</i> |
| Corporate                            | 1                            | 2                           | 0                        | 0                   | 0                       | 3            | 1                                     | 3            | 4            | 8            |
| Assistant Chief Executive            | 2                            | 1                           | 1                        | 0                   | 0                       | 4            | 1                                     | 5            | 6            | 12           |
| Adult Care Housing and Public Health | 1                            | 1                           | 1                        | 0                   | 0                       | 3            | 0                                     | 2            | 11           | 11           |
| Children and Young Peoples Services  | 2                            | 5                           | 1                        | 0                   | 0                       | 8            | 0                                     | 19           | 25           | 44           |
| Finance and Customer Services        | 6                            | 9                           | 1                        | 0                   | 0                       | 16           | 1                                     | 12           | 29           | 42           |
| Regeneration and Environment         | 3                            | 1                           | 2                        | 0                   | 0                       | 6            | 2                                     | 15           | 11           | 28           |
| Investigations                       |                              |                             |                          |                     | 2                       | 2            |                                       |              |              |              |
| <b>Total</b>                         | <b>15</b>                    | <b>19</b>                   | <b>6</b>                 | <b>0</b>            | <b>2</b>                | <b>42</b>    | <b>5</b>                              | <b>57</b>    | <b>95</b>    | <b>157</b>   |

## APPENDIX A

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

### Recommendation categories

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

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

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