

**AUDIT COMMITTEE
26th September, 2023**

Present:- Councillor Baker-Rogers (in the Chair); Councillors Browne, Elliott, Wyatt and John Barber (Independent Person).

Thilina De Zoysa, Grant Thornton (External Auditor) was also present.

An apology for absence was received from Councillor Mills.

16. COUNCILLOR ELLIOTT AND HEAD OF INTERNAL AUDIT

The Chair welcomed Councillor Elliott to his first meeting of the Audit Committee and introduced Louise Ivens who would be taking up the position of Head of Internal Audit shortly.

17. DECLARATIONS OF INTEREST

There were no Declarations of Interest made at the meeting.

18. 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 No. 22 (Internal Audit Progress Report – Appendix C), Minute No. 23 (Risk Management Summary 2022-23 and Corporate Risk Register – Appendices 1 and 2) and Minute No. 26 (Assistant Chief Executive's Directorate Risk Register) as defined in the paragraphs indicated of Part 1 of Schedule 12(A) of such Act indicated, as now amended by the Local Government (Access to Information) (Variation) Order 2006.

19. QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS

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

20. MINUTES OF THE PREVIOUS MEETING HELD ON 7TH AUGUST, 2023

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

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

21. UPDATE ON STATEMENT OF ACCOUNTS 2022/23

Further to Minute No. 98 of the Audit Committee held on 7th June, 2022, Owen Campbell, Head of Corporate Finance, reported that the Council was not able to present an audited set of accounts to the Committee, nor a final/draft ISA260 report as insufficient progress has been made to date on the audit to allow for this.

Thilina de Zoysa, External Audit, reported that the audit was progressing. Within the next 4 weeks there would be additional resources working on Rotherham's audit with the target of substantially completing the audit before the ISO260 was presented to this Committee at the end of November.

The background work on the Value for Money audit had commenced with the intention of completion by the end of the year with a report submitted to the January Committee meeting.

Discussion ensued with the following issues clarified:-

- This position was not unique to Rotherham; it was an ongoing national issue
- Rotherham had been one of the better authorities with some still not having signed off the previous financial year's audits
- It was not ideal as it coincided with the setting of the 2024/25 budget and the associated pressures on Finance staff
- External Audit required assurance from the pension authority on the pension audit. Work was continuing on the pension audit as well as land and property holdings

The external audit would continue and once completed, a final audited Statement of Accounts, Narrative Report and ISA260 would be submitted to the Committee for consideration.

Resolved:- (1) That the progress on the audit of the Statement of Accounts 2022/23 be noted.

(2) That the audited Statement of Accounts, Narrative Report and ISA260 be submitted to a future Audit Committee for review once the External Auditors, Grant Thornton, have completed their audit work.

22. FINAL ANNUAL GOVERNANCE STATEMENT

Further to Minute No. 99 of the meeting held on 7th June, 2023, Simon Dennis, Corporate Improvement and Risk Manager, submitted the final Audit Governance Statement (AGS).

It was noted that the AGS was due to be published alongside the final Statement of Accounts and, as stated in the previous Minute, this was delayed. An update will have to be submitted to the November meeting once the audit was complete.

There had been one change to the AGS since the draft was produced relating to the publication of the Local Government Association's Corporate Peer Challenge on 4th September, 2023. The report also referenced the process that had been followed to construct the AGS.

Recommended practice required the Leader of the Council and the Chief Executive to sign the Annual Governance Statement prior to its publication alongside the Audited Statement of Accounts.

Resolved:- (1) That the Annual Governance Statement be approved subject to the outcome of the External Auditor's sign off of the Statement of Accounts.

(2) That the requirement for the Leader and Chief Executive to sign the statement prior to publication of the Annual Governance Statement be noted.

23. INTERNAL AUDIT PROGRESS REPORT

Consideration was given to a report presented by David Webster, Head of Internal Audit, which provided an up-to-date position on the Internal Audit Plan, a summary of Internal Audit work completed during 1st July to 31st August, 2023, the key issues that had arisen from it, the status of actions arising from audits as well as information regarding the performance of the Internal Audit function during the period.

The current position with regard to the revised plan was outlined in Appendix A to the report. 8 audits had been finalised since the last Committee meeting 4 of which had received Reasonable Assurance, 3 had received Substantial Assurance and or Reasonable Assurance and one with Partial Assurance as set out in Appendix B to the report.

Internal Audit also carried out unplanned responsive work and investigations into any allegations of fraud, corruption or other irregularity. Two investigation reports had been issued and summarised in Appendix C.

Internal Audit's performance against a number of indicators was summarised in Appendix D. One target had exceeded the time budget and productive time due to sickness.

Discussion ensued on the responsive audit work undertaken and the ongoing investigations arising. Recommendations had been made and a draft report produced as well as a review in terms of lessons learnt.

Sam Barstow, Assistant Director Community Safety and Street Scene, and Karen Mudford, Service Manager, attended to respond to issues raised regarding the recent audit of Hellaby Stores which had received a Partial Assurance opinion highlighting:-

- The audit had been requested by the Service to provide an evidence base to undertake a significant piece of work looking at the management structure and processes
- Due to the relatively junior level of staff, a higher level of temporary provision had been put in
- Enhanced arrangements had been put in place to ensure monthly fuel sales figures were completed as well as processes around fuel deliveries
- Review of the health and safety risk assessments
- Work ongoing regarding stock levels and the trigger points for re-ordering
- Future aim of digitalisation of processes
- A management-led review would take place when all new processes had been introduced to ascertain if they had achieved the improvements expected
- A follow-up audit would take place in 6 months

The Chair expressed an interest in a visit to Hellaby Stores.

Resolved: (1) That the Internal Audit work undertaken since the last Audit Committee, 1st July to 31st August, 2023, and the key issues that have arisen therefrom be noted.

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

(Appendix C of the report submitted was exempt under Paragraph 7 (information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime) of Part 1 of Schedule 12(A))

24. RISK MANAGEMENT ANNUAL SUMMARY 2022-2023 AND CORPORATE STRATEGIC RISK REGISTER UPDATE

Further to Minute No. 54 of the meeting held on 29th November, 2022, Simon Dennis, Corporate Improvement and Risk Manager, submitted the Risk Management Annual Summary 2022-23 and Corporate Strategic Risk Register update.

The report summarised the principal risk management activity that had been carried out in the Council throughout the past financial year. It covered a wider range of topics than the regular report on the Corporate Strategic Risk Register and aimed to cover both the movements in strategic risks that had occurred over the period and the key elements of the Council's risk management activity throughout the year.

The current heat map for the strategic risks contained in the Corporate Strategic Risk Register had been updated and combined the presentational style of the summary risk register and heat map with the detail included on the risk forms. Directorates were now starting to adopt this format for their registers with the roll out continuing throughout the remainder of the current financial year.

In the course of the coming year, work would continue to ensure the Council's approach to risk management was well embedded across all projects and all staff, by providing training, clear guidance, supporting the Risk Champions and reporting according to agreed timelines. Take up of the M2 manager course remained very high with 134 managers attending the 5 courses run since the last annual report in June 2022. The remaining courses were almost fully booked and additional courses would be set up as required.

Discussion ensued with the following issues raised/clarified:-

- Although a number of scores had not changed, there was confidence that the Directorate Leadership Teams and Strategic Directors were taking the scoring of risks very seriously
- The Corporate Risk Management Policy and Guide was currently being refreshed with a revised version to be submitted to the next Committee meeting
- A new risk had been added to the Register (SLT38 Business Continuity – Closure of the PSTN (Public Switched Telephone Network). This was a decision by the regulator to close down the network in December 2025

Resolved:- (1) That the annual summary of risk management activity be noted.

(2) That the updates to the Corporate Strategic Risk Register be noted.

(Appendices 1 and 2 were 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))

25. ANTI-FRAUD AND CORRUPTION POLICY AND STRATEGY REVIEW AND UPDATE

Further to Minute No. 39 of the Audit Committee meeting held on 27th September, 2022, consideration was given to a report presented by David Webster, Head of Internal Audit. The update followed an annual review process designed to ensure that the Policy and Strategy were up-to-date with current best practice and to take into account any changes to the Council's organisational structure.

There had been only minor updates to the Policy and Strategy since the last review.

The CIPFA Code of Practice on Managing the Risk of Fraud and Corruption required an annual report on performance against the Strategy. The self-assessment and resulting action plan were included in the report.

The Council's updated Anti-Fraud and Corruption Policy was attached at Appendix A of the report submitted together with the updated Strategy at Appendix B. The Policy showed the Council's aims and responsibilities whilst the Strategy showed how those aims were achieved (Appendices C and D refers). Appendix E was an update to the self-assessment against the CIPFA Code of Practice which leads to the action plan for maintaining/developing the Council's arrangements.

Resolved:- (1) That the revised Anti-Fraud and Corruption Policy be supported and submitted for approval by the Cabinet.

(2) That the revised Anti-Fraud and Corruption Strategy be approved.

(3) That the actions taken to strengthen the Council's fraud and anti-corruption arrangements be noted.

26. AUDIT COMMITTEE FORWARD WORK PLAN

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

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

27. ASSISTANT CHIEF EXECUTIVE - RISK MANAGEMENT DIRECTORATE PRESENTATION

Consideration was given to a report presented by Fiona Boden, Head of Policy, Performance and Intelligence, Lee Mann, Assistant Director of Human Resources and Organisation Development and Tanya Lound, Corporate Improvement and Risk Officer, providing details of the Risk Register and risk management activity within the Assistant Chief Executive's Directorate.

Due to the nature of the work of the Assistant Chief Executive's Directorate, 4 of the 17 risks also featured on the Council's Strategic Risk Register. These were focussed around the following business objectives:-

- Building stronger communities and thriving neighbourhoods
- Delivery of the Council's corporate priorities in the context of the cost of living crisis
- Hope and confidence in Rotherham
- Effective partnership working within and beyond Rotherham to maximise benefits to residents, service users and businesses

Risks were regularly discussed and reviewed at the Directorate Leadership Team by individual members of DLT and where necessary escalated to the next strategic level for inclusion on the risk register. The Assistant Director of Human Resources also managed a service level risk register.

As part of the programme to embed risk management into the culture of the Council, all managers from the Assistant Chief Executive's Directorate were required to attend the mandatory "Risk Management Training for Managers" workshops. New managers were invited to attend workshops as soon as possible after commencement in role. All staff were required to complete a mandatory risk management e-learning module.

The revised risk register (Appendix 1) aligned to the new Council Plan and Year Ahead Delivery Plan. Since the last report to the Committee in September, 2022, 2 risks had been amended and 1 new risk added. There was only one risk currently assessed as being high risk and marked Red on the register.

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

- The issues faced in managing the asylum dispersal programme/contingency accommodation
- Future reports to include heat maps with comparative data

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 now 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))

28. ITEMS FOR REFERRAL FOR SCRUTINY

Councillor Browne raised the issue of the Fostering Panel and the scrutinising of its role. The Strategic Director of Children and Young People's Services was to discuss this issue with the Assistant Director of Legal Services.

It may be an issue for the Improving Lives Select Commission to include within their work programme.

29. URGENT BUSINESS

There were no urgent items of business to consider.

30. DATE AND TIME OF NEXT MEETING

Resolved:- That a further meeting be held on Tuesday, 28th November, commencing at 2.00 p.m.