

Committee Name and Date of Committee Meeting

Audit Committee – 25th June 2024.

Title

Internal Audit Progress Report for the period 1st February to 30th April 2024.

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

No.

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director, Finance and Customer Services.

Report Author(s)

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Ward(s) Affected

All wards.

Report Summary

This Progress Report provides the committee with an up to date position on the Internal Audit Plan, a summary of Internal Audit work completed during the period 1st February to 30th April 2024 and the key issues that have arisen from it, and the status of actions arising from audits. It also provides information regarding the performance of the Internal Audit function during the period.

Recommendations

The Audit Committee is asked to:

- 1) Note the Internal Audit work undertaken since the last Audit Committee, 1st February to 30th April 2024, and the key issues that have arisen from it.
- 2) Note the information contained regarding the performance of Internal Audit and the actions being taken by management in respect of their performance.

List of Appendices Included

Appendix A – Internal Audit Plan 2023/24

Appendix B – Summary of work completed since the last meeting

Appendix C – Internal Audit Performance Indicators

Background Papers

Public Sector Internal Audit Standards and Associated Local Government Application Note.

Accounts and Audit (England) Regulations 2015.

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

Council Approval Required
No.

Exempt from the Press and Public
No.

Internal Audit Progress Report for the period 1st February to 30th April 2024

1. Background

- 1.1 CIPFA guidance for Audit Committees in Local Authorities gives the Audit Committee a clear role in supporting the effectiveness of the internal audit process. This role is reflected in the Terms of Reference of the committee. To fulfil this role the committee receives updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work. In addition, it receives information on performance relative to the audit plan.
- 1.2 Public Sector Internal Audit Standards require that the Head of Internal Audit reports periodically to the Audit Committee. This is reflected in the Audit Charter which provides for Progress Reports to be presented to the Audit Committee regarding the audit plan and progress against it; resource requirements; the results of audit activities; the tracking of audit recommendations; and the performance of the audit team.
- 1.3 This report includes the position up to the end of April 2024 on the completion of the annual plan for 2023/24, the reports finalised in February to April 2024 and performance indicators for the team.

2. Key Issues

2.1 Internal Audit Annual Plan

Internal Audit produced a risk based Annual Audit Plan for 2023/24 and presented it to the Audit Committee at its meeting on 14th March 2023. The plan was updated following discussions with DLT colleagues to ensure it remained relevant and is focused on current risks. A revised plan is included at **Appendix A** and was presented at the January 2024 meeting. In the 2023/24 year the service has delivered 1019 days, against a plan total of 996 days.

2.2 Audit Work Undertaken During the Period

Internal Audit provides an opinion on the control environment for all systems or services which are subject to audit review. These are taken into consideration when forming our overall annual opinion on the Council's control environment. There are four possible levels of assurance for any area under examination, these being "substantial assurance", "reasonable assurance" "partial assurance" and "no assurance". Audit opinions and a brief summary of all audit work concluded since the last Audit Committee are set out in **Appendix B**. 12 audits have been finalised since the last Audit Committee.

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 have been no investigation reports issued since the last committee meeting.

2.3 Internal Audit Performance Indicators

Internal Audit's performance against a number of indicators is summarised in **Appendix C**. Available productive time was affected by staff sickness in the period.

2.4 Management Response to Audit Reports

Following the completion of audit work, draft reports are sent to or discussed with the responsible managers to obtain their agreement to the report and commitment to the implementation of recommendations. This results in the production of agreed action plans, containing details of implementation dates and the officers responsible for delivery. Draft reports are copied to the relevant Head of Service and Assistant Director and final reports are also sent to the Strategic Director, Chief Executive and the Leader.

Confirmation of implementation of audit recommendations is sought from service managers when the implementation date is reached. This is automated, with alerts being sent out a week before the due date to the Responsible Manager and Head of Service, and overdue alerts sent out weekly, copied into the Assistant and Strategic Director. Managers should enter the system and provide an update on the action – either implemented or deferred.

Summary reports of outstanding actions are produced monthly and distributed to Strategic Directors. There are no actions that have been deferred from their original due dates.

2.5 Internal Audit Standards Update

On the 9 January 2024 new Global Internal Audit Standards (GIAS) were issued, which the Institute of Internal Auditors (IIA) has determined will become globally effective from 9 January 2025. They will then replace the International Professional Practice Framework, the mandatory elements of which are the basis for the current UK public sector internal auditing standards (the PSIAS).

The PSIAS are issued under the authority of the Relevant Internal Audit Standard Setters (RIASS) and determine what standards or other requirements are applicable to the practice of internal auditing in central government, local government and the health sector across the UK.

The RIASS have agreed to use the new GIAS as the basis for internal auditing for the UK Public Sector, and have asked the UK Public Sector Internal Auditing Standards Advisory Board (IASAB) to carry out a review of the new standards with a view to identifying and producing any sector specific interpretations or other material needed to make them suitable for UK public sector use. The IASAB plans to issue consultation material by September 2024 at the latest, with a consultation period of at least 8 weeks. Subject to approval by the RIASS, the final material for application in the UK public sector and guidance on transition will be issued later in 2024 to allow sufficient time for preparation for implementation.

The effective date of the new material developed by IASAB will be 1 April 2025, to align with requirements for annual opinions and other relevant aspects of UK public sector governance which line up with the financial year. Until then, the existing PSIAS based on the old International Professional Practices Framework will continue to apply. Preparatory work is encouraged to allow organisations to implement the new requirements when they become effective.

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 February to 30th April 2024 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 25th June 2024 meeting.

6. Financial and Procurement Advice and Implications

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

7. Legal Advice and Implications

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

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

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

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

8. Human Resources Advice and Implications

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

9. Implications for Children and Young People and Vulnerable Adults

9.1 This document includes a report of progress against delivery of the Internal Audit Plan. A significant proportion of the Plan is devoted to the examination of risks facing Children and Young People's Services and Adult Social Care.

10. Equalities and Human Rights Advice and Implications

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

11. Implications for CO2 Emissions and Climate Change

11.1 There are no direct CO2 and Climate Change implications arising from the report.

12. Implications for Partners

12.1 Internal Audit is an integral part of the Council's Governance Framework, which is wholly related to the achievement of the Council's objectives, including those set out in the Council Plan.

13. Risks and Mitigation

13.1 An effective Internal Audit Department helps to minimise the Council's exposure to risk.

14. Accountable Officer

Louise Ivens, Head of Internal Audit.

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Internal Audit Plan 2023/24

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

ASSISTANT CHIEF EXECUTIVE					
Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Latest position
Payroll 22/23	ACX20	Systems Based	Provide assurance on key processes for carrying out reconciliations and error resolution and prevention.	5	FINAL
Big Hearts Big Changes (BHBC)	ACX23	Risk Based	Provide assurance on the governance arrangements to ensure the effective delivery of the BHBC programme.	9	FINAL
Council Plan	ACX27	Risk Based	Provide assurance on the governance arrangements and that performance measures are being accurately reported.	7	FINAL
Payroll 23/24	ACX20	Systems Based	Annual review of payroll as a fundamental system.	20	FINAL
Establishment Control		Risk Based	Review of the management of vacancies and their disestablishment, and the match between HR and Finance establishments.	15	DRAFT
Risk Management		Risk Based	Review of the effectiveness of Risk Management.	15	FINAL
Declarations of Interest		Risk Based	Review of officers' Declarations of Interest, after the introduction of new procedure.	10	FINAL
Total planned days – Assistant Chief Executive				81	

ADULT CARE HOUSING AND PUBLIC HEALTH

Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Latest position
Housing Management System		Risk Based	Review and provide assurance on the adequacy of the new housing management system.	1	FINAL
Transition from Children's Care to Adult Care		Risk Based	Review progress in implementing the Ofsted action plan and provide an assurance on the processes taken to address the weaknesses highlighted within the action plan.	9	FINAL
Waiting Lists		Risk Based	Management request – addition to the plan. Review of mechanisms in place for dealing with waiting lists for assessments for care.	1	FINAL
Liberty Protection Safeguards.	ACHPH R3 (ACI R5)	Risk Based	Provide an assurance on the Council's readiness to transfer to the new Liberty Protection Safeguards regulations.	20	FINAL
Health & Safety Legislation and Corporate Responsibilities for Council Homes.	ACHPH R9 (H-R12)	Risk Based	To review compliance with Health and Safety regulations with regard to smoke and carbon monoxide alarms.	10	Q1 2024/25
Housing and Estates – Anti Social Behaviour	H – R10	Risk Based	Review of current procedures and to ensure compliance with legislation.	10	FINAL
Housing and Estates – Management of Estate Environment	H – R11	Risk Based	Review of procedures in place to ensure effective management of the estate environment.	10	FINAL
LGA Peer review		Risk Based	To review the robustness of the response to the findings of the LGA peer review and action plan.	15	Q1 2024-25

Health Funded Clients		Follow Up	Follow up of Partial Assurance audit in 2022/23	5	FINAL
Housing Rents		Risk Based	To review compliance against the 2023 Rent Standard.	10	DRAFT
Homes England		Risk Based	Review of grant funding drawdowns after new processes have been implemented.	5	Q1 2024-25
Total Planned Days – Adult Care and Housing				96	

CHILDREN AND YOUNG PEOPLES SERVICE

Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Latest position
Commissioning Services	CPQ43	Risk Based	Review work undertaken by the Commissioning Service team to procure children in care placements, where providers are off framework or untendered, to gain assurance that appropriate controls are in place to mitigate financial and reputational risks to the Council.	5	DRAFT
Youth Offending		Risk Based	Review of progress after HMIP review and peer review	1	FINAL
Supporting Families		Risk Based	Management request – addition to the plan. Review of new systems being developed to prepare for changes to government requirements.	9	Complete
Early Help Provision	ES6	Risk Based	To review the effectiveness of the Council's Early Help service and provide assurance that the Supporting Families 'Payment by Results' (PbR) funding can be met despite the challenging, sustained outcomes in place.	15	WIP
Social; Emotional and Mental Health Needs (SEMH)	ES17	Risk Based	To provide assurance on the progress with the Social Emotional and Mental Health (SEMH) provision.	15	FINAL
Safeguarding	SCF3	Risk Based	Review of procedures for placing 16+ children with external provider regulated accommodation	10	FINAL

Unaccompanied Asylum-Seeking Children (UASC)	SCF6	Risk Based	Review of procedures for age assessments of UASC.	10	FINAL
Special Education Needs and Disability (SEND)	CYPS03	Risk Based	Review of Education, Health and Care Plans (EHCP) across all the domains, including Health and Social Care Partners.	20	WIP
Schools CRSA		Risk Based	Conduct the annual school's Control and Risk Self-Assessment to form the basis for school visits.	10	Complete
Schools Themed Audits		Risk Based	Sample visits to schools, based on the results of the self-assessment.	20	DRAFT
Total Planned Days - Children and Young People's Services				115	

FINANCE AND CUSTOMER SERVICES

Finance

Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Latest position
NNDR	FCS2	Systems Based	Fundamental System. Review of new processes in respect of NNDR reliefs to provide a level of assurance of compliance with these.	1	FINAL
Procurement Governance and contract renewals and expiry	Operational Risk.	Risk Based	Review procurement procedures and assess Directorate adherence to them. To include, where applicable, a review of Directorate procedures and compliance with procedures for planning for renewing contracts, in line with Cabinet Office Best Practice.	33	WIP
Debtors		Systems Based	Review debtors procedures and assess Directorate adherence to them. To include, where applicable, a review of Directorate procedures.	2	FINAL
Rebate Scheme		System Based	To review the processes used to pay the one-off Council Tax Energy rebate payment to RMBC residents	1	FINAL

Council Tax		Systems Based	Fundamental System. Scope of the audit to be agreed with Assistant Director Finance, to include core systems not currently being externally stored.	10	FINAL
Creditors		Systems Based	Fundamental System. Audit resources to examine procedures regarding move towards “faster payments”, scope to be finalised with the Assistant Director Finance.	10	DRAFT
Capital Programme		Systems Based	Review the updated capital procedures and provide assurance that they are being complied with and that expenditure is appropriately approved, controlled and monitored.	15	WIP
<u>Customer Information & Digital Services</u>					
Hosted & Cloud-based systems	Operational Risk	Risk Based	Provide assurance on the IG policies & procedures for cloud-based storage platforms, including recovery, protection & security arrangements.	1	FINAL
Application Management	Salford Risk Assessment	Risk Based	Review of controls around access control, system availability (Housing NEC system).	10	WIP
PCI/DSS	Salford Risk Assessment	Risk Based	Technical audit to be carried out by Salford IAS	10	FINAL
Customer Digital Programme			Audit contribution to projects designed to increase efficiency.	20	Complete
<u>Legal Services</u>					
Registrars		Risk Based	Review of processes and controls after external inspection	15	FINAL
Land Terrier		Risk Based	Review of the registration of Council land	10	WIP
Governance		Risk Based	Review of the operation of processes around decision-making within the Council.	15	Q1 2024-25
<u>Asset Management</u>					
Asset Management - Estimates and Capital Programme		Risk Based	To provide assurance on the accuracy of valuations, calculated as estimates for capital schemes that are to be included on the Capital Programme, to ensure that final costs do not excessively exceed the original estimates.	15	DRAFT
Asset Management –		Risk Based	Review key aspects of statutory compliance within the Council’s operational property estate managed by Facilities Management.	10	Q4 2024-25

Health and Safety Compliance					
Asset Management - Acquisitions		Risk Based	Provide assurance on the end to end management of properties once acquired by the Council.	15	Q1 2024-25
Total Planned Days – Finance and Customer Services and Asset Management				193	

REGENERATION AND ENVIRONMENT					
Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Latest position
Waste	CSS13	Risk Based	To provide assurance on the efficient and effective management of waste collection data, reporting and invoicing.	17	FINAL
Cash collection and income		Risk Based	Review the arrangements for the collection, monitoring, reconciliation of cash and other forms of income from various establishments.	13	FINAL
Building Security Follow Up		Follow Up	Follow Up of Partial Assurance audit.	1	FINAL
Vehicle Operators Licence	R&E39 & CSS44	Risk Based	Review compliance with regulatory requirements	10	Q1 2024-25
Fire safety	R&E25 & PRT38	Risk Based	Provide assurance that RMBC as the corporate landlord has an effective fire safety.	10	FINAL
Building Control		Risk Based	Provide assurance after changes in regulations around payments and inspection visits.	10	Q3 2024-25
Trading Standards		Risk Based	Review of the operation of Trading Standards.	15	DRAFT
Green Spaces		Risk Based	Review over the Health and Safety controls around Green Spaces.	15	WIP
Tree Service follow-up	R&E52 & CST9	Risk Based	Follow up of No Assurance audit in 2022/23	10	FINAL

Museum Collections follow-up	CST11	Risk Based	Follow up of Partial Assurance audit in 2022/23	5	FINAL
Hand Arm Vibration		Risk Based	To review compliance with the Vibration at Work Guidance	10	FINAL
Hellaby Stores		Risk Based	To assess the adequacy of the internal control arrangements surrounding the operation of the stores at Hellaby depot	10	FINAL
Children's Capital of Culture		Request from contingency	To provide assurance on the governance arrangements and compliance with FPPR's for expenditure incurred to date on the Children's Capital of Culture.	10	WIP
Total Planned Days – Regeneration and Environment				136	

Summary of Audit Work Completed since the last meeting

Note:- Internal Audit uses an Executive Summary and reporting structure which gives four levels of overall assurance for areas under examination. Within each area audited an overall assurance opinion is assessed as being either “Substantial Assurance”, Reasonable Assurance”, “Partial Assurance” or “No Assurance”, taking into account the results of all the risks assessed.

Audit area	Assurance objective	Final report issued	Overall audit opinion	Summary of significant recommendations
Adult Care, Housing and Public Health				
Deprivation of Liberty Safeguards	Assurance on the management of DoLS cases following the significant increase in demand in 2022-23.	February	Substantial	No recommendations raised.
Housing and Estates Anti Social Behaviour	Review the current policies and procedures for ASB, to ensure its compliance with legislation and the requirements of the Regulator for Social Housing.	March	Reasonable	Recommendations were raised regarding ASB procedures (which require updating in several areas), action to enable more customer feedback, and ensure compliance with handling cases in accordance with the procedures.
Housing and Estates – Management of the Estate Environment	Review of the procedures in place to ensure effective management of the estate environment.	March	Substantial	No recommendations raised.
Health Funded Clients Follow Up	Provide assurance that the agreed actions from the previous audit have been implemented.	April	Substantial	No recommendations raised.
Assistant Chief Executive				

Audit area	Assurance objective	Final report issued	Overall audit opinion	Summary of significant recommendations
Payroll	Assess the adequacy of the payroll internal control arrangements.	March	Substantial	Two minor recommendations raised.
Risk Management	To review the effectiveness of the Council's Risk Management arrangements.	March	Substantial	Three minor recommendations were raised.
Children and Young Peoples				
Safeguarding	Provide assurance on the procedures for placing 16+ children with external provider regulated accommodation.	February	Reasonable	Recommendations were raised regarding the updating of the placement manual to refer to the new Ofsted regulations, and staff to be reminded of the need for a quality assurance check to be completed and documented on the referral form.
Unaccompanied asylum seeking children	Effective management of unaccompanied asylum seeking children placed in the care of the Council by the Home Office.	March	Partial	Recommendations were raised regarding:- <ul style="list-style-type: none"> • the availability of evidence on the primary information source (LCS) of an age assessment when this is required. • that assurance is sought that social workers completing the unaccompanied asylum seeking child assessments apply the latest case law. • ensuring that adequate and documented business continuity arrangements exist for unaccompanied asylum seeking children age assessment trained social workers.
Social, emotional and mental health needs	To provide assurance on the progress with the social, emotional and mental health provision.	April	Substantial	No recommendations were raised.
Finance and Customer Services				

Audit area	Assurance objective	Final report issued	Overall audit opinion	Summary of significant recommendations
Council tax recovery and enforcement	Assurance that the council tax recovery and enforcement procedures are carried out in accordance with statutory regulations.	March	Substantial	No recommendations were raised.
Payment Card Industry Data Security Standard (PCI/DSS)	Verify whether there were appropriate controls in place in order that payment card transactions are undertaken in a secure manner, as reflected in the PCI DSS.	April	6 This indicates the controls in place are reasonably effective/ effective	Recommendations were raised regarding:- <ul style="list-style-type: none"> • the self assessment questionnaire submissions which should be completed and submitted as soon as possible. • Approved scanning vendor vulnerability scans should be completed. Despite not being currently compliant with the PCI DSS, the audit found that the Council will soon be in a position to meet the requirements of the standard.
Regeneration and Environment				
Cash collection and income	Review the adequacy of the internal control arrangements for the collection, monitoring and reconciliation of cash and other forms of income for a sample of establishments.	February	Reasonable	Recommendations were raised to enhance compliance with cash handling guidance.

Definitions

Rating	Definition
Substantial Assurance	<p>Substantial assurance that the system of internal control is designed to achieve the service's objectives and this minimises risk.</p> <p>The controls tested are being consistently and effectively applied. Recommendations, if any, are of an advisory nature 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>

Appendix C

Internal Audit Performance Indicators

Performance Indicator	Target	April to June 2023	July to August 2023	Sept to October 2023	Nov 2023	Dec to Jan 2024	Feb to Apr 2024
Draft reports issued within 15 working days of field work being completed	90%	80%	100%	89%	75%	80%	92%
Chargeable Time / Available Time	80%	83%	75%	74%	71%	70%	70%
Audits completed within planned time	90%	90%	88%	83%	100%	100%	100%
Client Satisfaction Survey	100%	100%	100%	100%	100%	100%	100%

Nine surveys were received during the period.

Comments received in the Client Satisfaction Surveys

Good

The professionalism, detail and accuracy in which the audit was conducted. The auditor is a skilled and knowledgeable officer who is clearly an asset to the audit team.

The auditor asks incisive and relevant questions and gives a clear explanation of the areas required for audit.

Regular, professional and consideration communication throughout the process. Thank you

It was really helpful to be able to talk through the findings of the audit in detail before the "formal" draft was issued. This makes the agreement process for an audit that is covering a corporate system (ie over multiple Directorates) so much easier.

The auditor spent a lot of time speaking with different members of Housing & Estates to get an in-depth view of the ASB process and this was very important and valuable to ensuring actions the service needed to implement to improve the ASB procedure/process. The auditor has been very helpful throughout the audit and always on hand to provided help and further information when needed.

Open communication by both sides helps to ensure a thorough investigation can be completed.

Suggested improvements

Check with practice leads the examples used to test assurances as the health funding process is complex and differs from ICB to ICB.