



# **Rotherham Metropolitan Borough Council**

## **Internal Audit Annual Report 2024-25**

# 1. Introduction

## 1.1 Objectives of the Report

1.1.1 The objectives of this report are:

- To provide a summary of the Internal Audit work undertaken during the financial year 2024-25 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 2024-25 year.

1.1.2 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

1.2.1 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.”*

1.2.2 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

1.3.1 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.

1.3.2 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

1.3.3 An external assessment was completed in November 2020 with the results reported to the Audit Committee in January 2021. The Internal Audit Service was assessed as generally conforming to the Standards. The assessment resulted in the development of a QAIP. The latest internal assessment was completed in January 2025, which showed that General Conformance with the standards had been maintained. The QAIP was then updated for 2025.

1.3.4 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.

The next external assessment is planned for the 2025/26 year and will be undertaken by CIPFA.

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

1.3.6 The Global Internal Audit Standards and the Application Note “Global Internal Audit Standards in the UK Public Sector” are applicable to audit work undertaken from 1<sup>st</sup> April 2025. The Code of Practice for the Governance of Internal Audit in UK Local Government also comes into force on the 1<sup>st</sup> April 2025. Work has been undertaken during the year in readiness for the new standards, including preparing the audit team via the provision of training sessions and updating documentation supporting the audit process. A self-assessment against the new standards has also been undertaken and relevant actions included in the Quality Assurance and Improvement Plan.

## 1.4 The Definition and Role of Internal Audit

1.4.1 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.*

- 1.4.2 The role and responsibilities of the Rotherham MBC Internal Audit Service are outlined in the Internal Audit Charter. This was revised during March 2025 to reflect the new standards and was approved by the Audit Committee. The previous version remained in place and was considered to be up to date during the 2024/25 year. It specifies the independence, authority, scope of work and reporting arrangements. All audit work is carried out in accordance with the contents of the Charter.
- 1.4.3 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**

- 1.5.1 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**

- 1.6.1 During 2024-25 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 assisting in the preparation of the Annual Governance Statement and the role as one of the Whistleblowing Officers. Any conflicts are handled by independent scoping and reporting of these areas.
- 1.6.2 There have been no limitations on the scope of Internal Audit coverage during the year.

# **2. Internal Audit Assurance for 2024-25**

## **2.1 Internal Audit Opinion**

- 2.1.1 For the year ending 31 March 2025, based on the work undertaken, the opinion of the Head of Internal Audit is that Rotherham Metropolitan Borough Council had overall an adequate framework of governance, risk management and control. This should be considered overall to be a broadly positive opinion.

2.1.2 A higher proportion of partial/no assurance audit reports have been issued during the year. It is on this basis that the effectiveness of the framework is considered to have diminished as some weaknesses, and evidence of non-compliance with controls or ineffective controls have been identified. This relates to a minority of service areas within the Council and cross cutting themes, for example health and safety and asset management. It is important to note that most partial or no assurance opinions have arisen in cases where management has proactively requested audit assurance in response to identified concerns. This reflects a strong awareness of areas needing improved oversight or enhanced compliance with internal controls. The work undertaken during the year has clearly focused on the key risk areas of the Council and was targeted to specific areas of concern. This demonstrates the dynamic nature of the audit plan and added value of the audit service.

## **2.2 Scope of the Opinion**

2.2.1 In arriving at that opinion, the following has been taken into account:

- The results of all internal audits undertaken during the year (see Appendix B for a summary of audits and Appendix C for all audit reports issued during the year)
- The results of internal audits that are currently at draft report stage
- 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 internal audit which may have impacted on the 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**

2.3.1 The Council's governance framework comprises a range of policies, procedures and processes. At the highest level this includes the Council Plan and the Year Ahead Delivery Plan. They are 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 Governance (Officer Executive Decisions). The review confirmed that officers had access to guidance, training and a procedure guide. Reviews are undertaken by management prior to approval of Officer Executive Decisions (OED's), and sample testing found this to be working effectively in practice. Recommendations were raised to enhance current processes, including the development of a checklist to

document the completeness of the OED process, which should include the documentation of any officer declarations of interest.

- 2.3.2 An audit of Procurement Governance (Contract management) was also undertaken across all council directorates. This resulted in partial opinions for three out of five directorates. See 2.3.25 below for further information.

In addition, many of the other audits undertaken touched on the implementation of the Council's policies and strategies.

- 2.3.3 A Corporate Governance Group operated during the year, comprising the Policy Improvement and Risk Manager and the Head of Internal Audit, the Strategic Director of Finance and Customer Services (S151) and the Assistant Director of Legal Services (Monitoring Officer). The Policy, Improvement and Risk Manager 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 and presented to the Audit Committee in November 2024.

- 2.3.4 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.

- 2.3.5 The Policy, Improvement and Risk Manager 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 RMBC complies with its own Code of Corporate Governance, in line with the seven principles from CIPFA/SOLACE.

## **Risk Management**

- 2.3.6 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 the strategic level as necessary. The Audit Committee reviewed the strategic risk register in July

2024 and January 2025, and Directorate risk registers on a rolling basis throughout the year.

Each audit thoroughly evaluates the risks and mitigating actions included in the risk register (as relevant to the audit) as part of the audit process.

## Internal Control

2.3.7 The opinion on the Council's control environment is based on Internal Audit's 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 2024-25 Annual Audit Plan and the individual audit reports issued.

2.3.8 Audits were carried out in all areas of the Council during the year. The overall level of control found in audits was good (68% of reports issued were Substantial or Reasonable assurance). However, the proportion of partial opinions increased during 2024/25 as compared to 2023/24 as illustrated in the table below.

	ACX	ACHPH	CYPS	F&CS	R&E	Total 2024/25	Total 2023/24
Substantial	1	4	1	0	4	10	21
Reasonable	2	1	4	7	2	16	22
Partial	0	3	0	5	3	11	5
No	0	0	0	0	1	1	1
<b>Total</b>	<b>3</b>	<b>8</b>	<b>5</b>	<b>12</b>	<b>10</b>	<b>38</b>	<b>49</b>

2.3.9 There were 11 partial assurance and 1 no assurance audit opinions in the year as follows:-

### Finance and Customer Services

- Asset management estimates and capital programme
- Property acquisitions and disposals
- Water Safety (Legionella) in corporate landlord properties
- Building security follow up
- Procurement Governance

### Adults, Housing and Public Health

- Housing – Health and Safety – Smoke and CO alarms
- Housing – Water Safety (Legionella)
- Procurement Governance

### Regeneration and Environment

- Children's Capital of Culture (Procurement)
- Music Service Income
- Trading Standards – No assurance. This was followed up within the year and then received a reasonable assurance
- Procurement Governance

2.3.10 During 2024-25, 210 recommendations (91 in 2023/24) were made to improve the internal control, risk management and governance arrangements across the Council. Of these, 32 were in the highest category (red) (3 in 2023/24).

### **Themes Identified**

2.3.11 There has been a noticeable increase in the number of audit reports with partial/no assurance opinions from previous years. This demonstrates the Council's self-awareness of risk and control issues, with management proactively seeking audit assurance where concerns arose during the year. The findings and recommendations from the audits have been agreed with senior management and robust action plans put in place to address the weaknesses found. Whilst these partial and no assurance opinions have identified weaknesses in the control environment or compliance with controls, these weaknesses are not material enough to have a significant impact on the overall opinion on the adequacy of the Council's governance, risk management and control arrangements at the year end. It is, however, considered that the effectiveness of these arrangements has diminished. The work undertaken during the year has clearly focused on the key risk areas of the Council and was targeted to specific areas of concern. This demonstrates the dynamic nature of the audit plan and added value of the audit service.

### **Property and Facilities Services**

2.3.12 Following the transfer of asset management, facilities management and facilities services from Regeneration and Environment to Finance and Customer Services, a new post of Assistant Director was created and a revised structure was being implemented during the year. The Assistant Director developed an improvement plan which is now being delivered against. This included developing and then delivering a clear Asset Strategy that will assist in a better understanding of Council assets, the level of investments likely, better planning of capital and investment, and reducing the amount of reactive works. A focus has also been given to health and safety, including the development of policies and procedures on fire, water and gas.

2.3.13 The audits on Asset management estimates & capital programme, and Property acquisitions and disposals were requested by the Strategic Director of Finance and Customer Services following these areas coming within her directorate, to seek assurance on the processes and controls in these areas. Robust action plans were agreed with the services in these areas. A brief summary of the findings is below.

### **Property acquisitions and disposals**

2.3.14 The procedures for property acquisition and disposal were found to be limited, outdated, and lacking clarity, and roles related to security and health and safety compliance for newly acquired, non-operational properties were not clearly defined. Although some approvals by the Property Officer were identified, the formal approval process was not clearly documented. The final stages of the bidding and sale processes via informal tender were not sufficiently controlled and there was a lack of comprehensive documentation.



There were no established procedures for securing properties post-acquisition, and void management processes were undocumented. Evidence was lacking to confirm timely assessments or security measures for acquired properties. Additionally, property transactions were initiated without early involvement from Asset Management, and the absence of accessible guidance on the intranet meant that other directorates were unaware of the need to involve Asset Management for professional property advice.

### **Asset management estimates and capital programme**

2.3.15 A sample of projects was used to review why significant variations to original budgets had occurred. Projects had not followed documented procedures and there was a general lack of early project correspondence and documentation to evidence the basis on how estimates were provided. Capital projects often lacked an experienced and knowledgeable project lead who could liaise with both the Client Project Manager and other parties, including the Building Design Team, to better navigate the capital projects programme.

### **Building inspections**

2.3.16 A follow up audit on building inspections found that although action had taken place following the conclusion of the audit (undertaken in 2023) to address the concerns raised, inspections were still not being undertaken in accordance with the required schedule. The actions agreed following the 2024/25 audit should address this issue moving forwards, specifically the ongoing quality assurance check by management on the CIPFA Asset Manager system which should provide assurance that building inspections are taking place in accordance with the schedule.

### **Health and safety across Corporate Landlord and housing properties**

2.3.17 The Assistant Director of Housing and Assistant Director of Property and Facilities Services requested audits in key areas of health and safety compliance in both corporate and housing property services. Cyclical audit programmes have now been established to review key areas of health and safety on an annual basis. Robust action plans were agreed following the issue of the reports.

2.3.18 A new position of Head of Facilities Management and Compliance is now in place, which also acts as the Council's Duty Holder (Statutory Post) for corporate and housing services, ensuring that correct and appropriate actions, activities, policies and procedures are taken and in place in respect of health, safety and compliance across the portfolio.

### **Water safety (legionella)**

2.3.19 Audits were undertaken for both Housing Services and Corporate Landlord properties. The objective was to review the effectiveness of the Council's water safety (legionella) controls and provide assurance that the Council is in

full compliance to both Health and Safety Executive (HSE) and regulatory standards.

2.3.20 There was a draft Legionella Policy in place at the time of the audit, the supporting procedures, referenced in the policy, were still under development/review.

2.3.21 The audit found that there had been no recent review of the Council's assets in order to establish where legionella risk may exist. Not all properties with cold water storage tanks had been risk assessed, and there was no quality assurance in place to monitor the assessments received. It was unclear whether access to storage tank areas was restricted and there was no process in place to confirm redundant pipework was being removed. Tenants had not been made aware of legionella risks and how to avoid them as part of the Council's duty of care.

2.3.22 The Council's flushing regime was not compliant with legionella flushing control measures and staff responsible for void and corporate site flushes had not received training and advice to avoid risk to health.

### **Smoke and carbon monoxide (CO) alarms in housing properties**

2.3.23 The audit was to provide assurance that the risk of non-compliance with the relevant health and safety regulations regarding smoke and CO alarms was being managed effectively.

2.3.24 Record-keeping relating to the installation of smoke and CO alarms and the accuracy of annual gas service reports required improvement, for example recording the reason that a CO detector was not installed on the annual gas certificate by the contractor. Reporting available to the Council did not include information on when alarms were installed or their replacement date. Written access procedures will be documented detailing how the Council will address instances of tenants refusing to have detectors installed, or where it is found that detectors have been removed. The Council will prioritise checking those properties where access has been challenging.

### **Procurement governance (contract management) in directorates**

2.3.25 During the year preparatory work for the Procurement Act 2024 was underway. To ensure compliance with the Procurement Act, directorates should hold concise meaningful information about existing contracts, including those due to expire within 18 to 24 months as well as information of proposed new projects which Procurement Services may not have knowledge of. Additional assurance was requested in this key area by the Chief Executive. The audit was undertaken across all directorates and was to provide assurance that procurement activity within directorates (from initial pre-procurement planning to management and expiry of established contracts) was robust and complied with Financial Procurement Procedure Rules (FPPR's). The audit specifically examined the work undertaken by Contract Managers across the Council's directorates. The following key areas were identified as areas for improvement:-

- Directorates should include 'procurement pipeline planning' as a regular SMT agenda item to monitor progress and review contracts 18 to 24 months in advance of expiry in order to fulfil the new procurement forward planning requirements.
- The published Contract Register should be used to monitor and plan for contract expiry within their services to avoid the necessity for any emergency extensions with unfavourable contract terms.
- Directorates should ensure that Contract Managers have the required knowledge and/or experience required to manage their assigned contracts effectively, and that the Contract Managers listed in the current Contract Register are aware and accepting of their contract management obligations. Any details of Contract Managers that need to be changed should be forwarded to Procurement Services by the Assistant Director concerned.
- Contract Managers should be reminded that social value must be considered as part of the tender bid. If this has not occurred (due to the initial estimated value) then retrospective social value commitments should be sought before the Contract is awarded to suppliers.

2.3.26 Graphical representations of the audit reports issued and number of recommendations (and priority) by directorate are given in **Appendix B**. **Appendix C** is a list of the audit reports issued during the year. **Appendix D** includes the definitions of the assurance levels and recommendation categories.

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

- 2.4.1 In forming the opinion, the findings from external reviews of the Council's activities are also taken into account. The Policy, Improvement and 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 July 2024 and January 2025. The following areas have contributed to the annual opinion:-
- 2.4.2 In May 2024 Ofsted conducted a focused visit to review the arrangements for children in need or subject to a child protection plan. The visit occurred as part of the Inspection Local Authority Children's Services (ILACS) framework. The review found the response to children who are subject to child-in-need and child protection planning is very effective. A stable senior leadership team is unstinting in its determination to make children in Rotherham safer and improve their outcomes. Strong corporate support ensures a whole-council approach to understanding children's vulnerability and responding to risk and need.
- 2.4.3 Social care practitioners and multi-agency professionals communicate effectively with each other to coordinate the support they offer. Services are

underpinned by an extensive range of early help and targeted support for children and their families. This preventative approach across all levels of need, vulnerability and risk extends beyond early help, also supporting children in need of statutory social work services. This is resulting in sustained improvement to the lives of many children and their families.

- 2.4.4 Children's needs and risks are mostly well assessed, and intervention is coordinated effectively by practitioners who are highly motivated to improve children's lives. Practitioners are well supported to do their best for children, by confident and knowledgeable managers. Managers continually monitor live performance data and quality assurance information to help practitioners understand what the quality of practice is like, and what this means for the families receiving the services.
- 2.4.5 An Area SEND inspection of Rotherham Local Area Partnership took place between 30 September 2024 to 4 October 2024. The outcome was published on 14th November and stated that "the local area partnership's special educational needs and/or disabilities (SEND) arrangements typically lead to positive experiences and outcomes for children and young people with SEND. The local area partnership is taking action where improvements are needed." This is the highest possible rating under the new framework and is a positive reflection of the work undertaken across the partnership since 2021.

### 3. Review of the Service

#### 3.1 Resources

- 3.1.1 There were no changes in staff during the year. There has been one small change to the number of resources available with a member of staff reducing their hours via a flexible retirement. This has had a negligible impact on the number of days available in the audit plan during the year.
- 3.1.2 The audit plan was delivered by the in-house team except for two specialised IT audits delivered by Salford City Council Internal Audit.
- 3.1.3 The Internal Audit team comprises 7.53 FTE's. The table below shows the number of years of audit experience.

Years of experience in local government auditing	FTE at 31/03/24	FTE at 31/03/25
Less than 1 year	1	0
1-5 years	0	1
6-10 years	0	0
Over 10 years	6.72	6.53
<b>Total FTE</b>	<b>7.72</b>	<b>7.53</b>

- 3.1.4 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. Sufficient work was completed during 2024-25 to enable the Head of Internal Audit to provide her overall opinion.

### **3.2 Proficiency and due professional care**

- 3.2.1 Proficiency and due professional care are a key requirement of the PSIAS. All Internal Auditors have a personal responsibility to undertake a programme of Continuing Professional Development (CPD) to maintain and develop their competence. We have allocated time within the audit plan for CPD, training and personal development to be undertaken throughout the year to continuously improve the knowledge and skills within the Internal Audit section.
- 3.2.2 All members of the Internal Audit team are professionally qualified, and the table above demonstrates that there is also a good level of local government auditing experience within the team.
- 3.2.3 Work has been undertaken during the year preparing the team for the implementation of the Global Internal Audit Standards (UK Public Sector) from the 1<sup>st</sup> April 2025. This has included the provision of regular information and training sessions and a revision of documentation and processes supporting the audit function. This work will continue during 2025/26, particularly surrounding the revision of the Audit Manual and preparation for the External Assessment towards the end of the financial year.

### **3.3 Audit Plan**

- 3.3.1 The audit plan was presented to the Audit Committee in March 2024. The plan was designed 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 plan is flexible in nature, and it is expected that amendments will be made during the year as risks/priorities change. All amendments to the audit plan are highlighted to the Audit Committee in the audit progress update reports during the year.

### **3.4 Level of Audit Coverage during the year**

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

<b>Audit Area</b>	<b>Original Plan Days</b>	<b>Revised Plan Days</b>	<b>Actual Days</b>
Assistant Chief Executive	85	65	50
Adult Care, Public Health and Housing	155	142	147
Children and Young People Services	95	85	84

<b>Audit Area</b>	<b>Original Plan Days</b>	<b>Revised Plan Days</b>	<b>Actual Days</b>
Finance and Customer Services	160	212	179
Regeneration and Environment	85	141	249
Corporate/Crosscutting	55	80	69
Investigations	140	140	110
Contingency	60	5	
Anti-Fraud (proactive work)	70	70	65
Grants	60	42	31
Follow Up reviews	20		
<b>Total</b>	<b>1005</b>	<b>1002</b>	<b>980</b>

3.4.2 The plan is 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.

3.4.3 There is always a time lag in terms of completion of audits, with the audit plan for any year not being completed at the end of March but between April and June. Additions and deferrals also make comparison of actual work completed against the plan more difficult.

3.4.4 The number of days spent in the Regeneration and Environment Directorate is significantly greater than those included in the original plan. This is due to a number of audits requiring additional time due to the nature and complexity of the findings. This has resulted in partial opinions for three audits and one no assurance audit, which was followed up in year. In addition, one audit that is currently at draft report stage is also a partial opinion and has taken longer to complete than originally planned for.

### **3.5 Summary of Findings from Audit Reviews**

3.5.1 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. The Chief Executive and Leader also receive a copy of all reports. A summary of the results of reports issued during 2024-25 is given in **Appendices B** and **C**.

### **3.6 Reporting of Audit Findings**

3.6.1 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 an audit results in a partial or no assurance opinion a follow up review is undertaken.

- 3.6.2 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.

### **3.7 Implementation of Audit Recommendations**

- 3.7.1 All actions arising from audit recommendations are tracked automatically and the number of actions deferred is reported to the Audit Committee within the progress report. There will always be valid reasons for some implementation dates not being achieved, so some delays will occur in the future, but they are strictly monitored to ensure they are kept to a reasonable level.

### **3.8 Anti-Fraud work and investigations**

- 3.8.1 The Head of Internal Audit is one of the four Whistleblowing Officers who manage the response to any whistleblowing allegations. During the year the Internal Audit Service completed the following:

- The Anti-Fraud and Corruption Policy and Strategy were updated and presented to the Audit Committee in September 2024. They were subsequently uploaded onto the Intranet and the Policy is available on the Council's webpage.
- The Anti-Money Laundering Policy was updated and presented to the Audit Committee in November 2024 and then uploaded to the Intranet site.
- Received the NFI matches and commenced work reviewing and investigating these. No fraudulent or overpayments were found by the end of March 2025.
- Two investigations were undertaken and finalised during the year, and one is in progress. The low number of investigations can partly be attributed to the strong internal controls and sound governance procedures in place. When investigations are carried out 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 was no pattern to the subjects of the investigations, and none were significant in terms of the governance of the Council.

### **3.9 Advisory Work**

- 3.9.1 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. During the year this included the following:-

- *Customer Services Efficiency Group*  
Participation in this group helps to ensure audit are informed of the latest areas the Group are working on, and where audit may wish to focus on at an early stage before changes to systems or ways of working are

implemented. This group has also been helpful in providing areas where data analytic work would be beneficial.

- *Corporate Information Governance Group*  
Participated as a check and challenge member of the group which has an information assurance role on behalf of the Council. In the last quarter of the year the group changed its reporting arrangements and now reports to the Assistant Directors meeting.
- *Highways procurement review*  
A high-level review of procurement of agency staff in the Highways Service and compliance with the FPPR's and Agency Policy. Recommendations were raised with the directorate to improve compliance with the policy and FPPR's.
- *Housing compensation vouchers*  
Review of information supplied to the Compensation Complaints Panel. Assurance that figures relating to housing, were complete, accurate, justified and authorised.
- *General Audit Queries and Advice*  
Over the course of the year, we have received and responded to several queries and requests for advice from directorates, service areas and schools. These have covered a range of themes and areas, in the main relating to financial controls and record retention.

### **3.10 Grants**

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

- Supporting Families
- Disabled Facilities
- Bus Service Operators
- Rotherham Show
- Contain Outbreak Management Fund

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

### **3.11 Schools**

3.11.1 This year an audit on the Pupil Referral Unit (PRU) has been undertaken. This approach was discussed and agreed with senior management in the Children and Young People's Service. The scope was to provide assurance that the financial and management controls for the PRU are robust and meet the requirements outlined in various Council and PRU statutory and operational (financial) guidance. The audit work is complete and the report is currently being drafted.



### 3.12 ICT Audits

3.12.1 During the year we have once again engaged the services of another local authority's ICT Internal Audit Team who have over thirty other public sector clients. Based on a detailed risk assessment of our ICT risks they completed two audits during the year, and another is in progress.

### 3.13 Data Analytics

3.13.1 Internal Audit have commenced the journey with enhanced data analytics. It is envisaged that this work will allow the introduction of an agile form of auditing, a wider scope of assurance within defined audits in the audit plan, use in proactive counter fraud work, and with development, continuous auditing in some areas.

3.13.2 Two reviews have been completed, on garden waste income collection and purchasing cards with positive feedback from management. The Data Analytics Strategy for 2025/26 has been refreshed and further workstreams will be developed during the year.

### 3.14 South and West Yorkshire Audit Groups

3.14.1 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, Counter Fraud/Investigations, Procurement, Children's Services and Adults Services.

### 3.15 Internal Audit Performance

3.15.1 The Public Sector Internal Audit Standards (PSIAS) require a quality assurance framework to be established, which includes both internal and external assessments of the work of Internal Audit.

#### External Assessments

3.15.2 Recommendations included within the external assessment report are included within the Quality Assurance Improvement Programme together with any actions identified from the internal annual self-assessment that is completed. This was reported to the Audit Committee in March 2025 and the ongoing actions are highlighted in the table below.

Quality Assurance and Improvement Programme Action Plan	
Action	Position statement
Further enhance the use of data analytics.	<b>Complete.</b> Alternative sources of data analytics software have been explored and training sessions undertaken.

	<p>A Data Analytics Strategy has been updated for 2025/26. Two trial areas have now been completed. This work will continue during 2025-26 and future years but has been highlighted as complete as these new ways of working are becoming more embedded into audit practice.</p> <p>This area has been included in the draft Audit Strategy as an area of continued focus and development.</p>
Review the need for assurance mapping, to improve audit planning.	<p>CIPFA's detailed assurance framework guide will be used to take forwards this development. The assurance framework guide has not yet been issued by CIPFA but will be used to strengthen assurance mapping during 2025/26. The audit planning process has continued to evolve including the documentation of other sources of assurance. However, it is not possible or practical to coordinate with other providers of assurance (for example CQC and Ofsted) due to the nature of their work.</p> <p>Further work will be undertaken on assurance mapping for the March 2026 audit plan submission.</p>
<p><i>Action from the self-assessment against fraud checklist.</i></p> <p>Update the directorate and corporate wide fraud risk assessment and examine the results as part of the annual internal audit planning exercise.</p>	<p>The directorate and corporate fraud risks have been updated. Work is ongoing with the risk champions to gain further detail on directorates mitigating controls/actions.</p> <p>An enhanced report to the Audit Committee in September setting out the Anti-Fraud arrangements will highlight the key fraud risk areas and mitigating actions.</p>
<p><i>Action from the self-assessment against fraud checklist.</i></p> <p>Conduct an annual comparison against the checklist and where necessary, implement actions to ensure compliance with it.</p>	<p>This will be undertaken alongside the review of the Anti-Fraud and Corruption Policy and Strategy.</p>

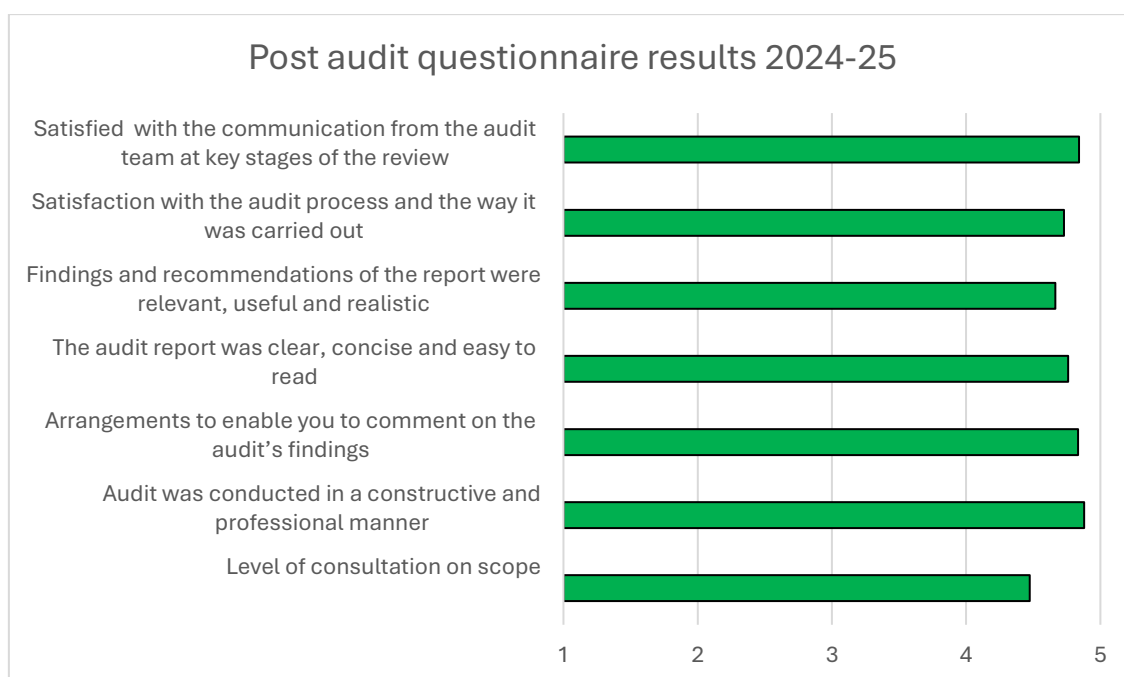
<p><i>Action from the self-assessment against fraud checklist.</i></p> <p>The reporting of the fraud risks and mitigation will be strengthened over the year and a more comprehensive report will be brought to the September 2025 Audit Committee.</p>	<p>To be reviewed during 2025/26 and reported to the September 2025 Audit Committee.</p>
<p>Update the Audit Manual and associated documentation.</p>	<p>Documentation supporting the audit process has been updated in accordance with the standards. The Audit Manual will require further review and this is expected to be complete by 30 September 2025.</p>
<p>Update the Post Audit Questionnaire</p>	<p><b>Complete.</b></p> <p>This has been updated to request feedback on whether staff displayed honesty and professional courage in accordance with the new standards. In addition, an annual questionnaire to Strategic and Assistant Directors has been developed and sent out.</p>
<p>Develop an Internal Audit Strategy</p>	<p>This is a new requirement. This should build on a strategic statement of how the service will be delivered and developed and is currently being developed.</p>
<p>Update the Audit Report</p>	<p>To include details of root cause analysis and reference to GIAS (UK Public Sector) rather than PSIAS.</p> <p>The format of the audit report has been slightly amended to include an enhanced action plan which should identify root causes and this will be used for the 2025/26 audits.</p>
<p>Quality Assessment</p>	<p>To undertake an assessment of conformance against GIAS (UK public sector) and update the Audit Committee.</p> <p>An initial self-assessment has already been completed and a further one will be undertaken utilising material that will be produced by CIPFA. This will help inform the EQA.</p>

Quality Assessment Improvement Programme	<p>The results need to be reported annually including progress against action plans to address instances of non-conformance.</p> <p>This is already in place and the results of the external assessment will be included in the action plan.</p>
Annual Conclusion and report on final progress of plan	<p><b>Complete.</b> Annual conclusion on governance, risk management and control (Head of Internal Audit Annual Report). Ensure this includes any new requirements.</p> <p>The Annual Report for 2024-25 has highlighted how internal audit are implementing the new standards and the gaps are included in this action plan.</p> <p>The AGS for 2024-25 includes wording regarding the implementation of GIAS UK public sector.</p>
Head of Internal Audit performance review	<p>The Audit Committee Chair should contribute to the Head of Internal Audit's performance assessment. This will be undertaken during the next performance review.</p>
Review of Internal Audit performance and effectiveness	<p>Audit Committee to undertake a review. The conclusions should be reported to those charged with governance (e.g. in the Audit Committee's Annual Report).</p> <p>This should be undertaken using this report as a basis for the assessment.</p>
Staff training	<p>Training is a common theme throughout the standards and should be evidenced in a training log. Annual/rolling training plan and log is in place.</p>

## Internal assessments

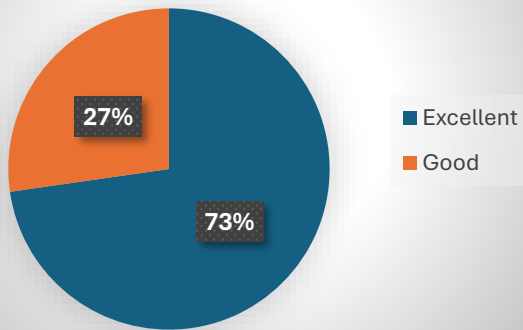
3.15.3 Customer Satisfaction Questionnaires (CSQs) are issued to clients when the final audit report is issued. The information returned is used to identify any training and development needs, areas for improvement in the audit process, or coverage proposed for future years. An annual summary of results is included, together with our performance against a number of key indicators below.

<b>Performance Indicator</b>	<b>2023-24 Actual</b>	<b>2024-25 Target</b>	<b>2024-25 Actual</b>
Draft reports issued within 15 days of field work being completed	84%	90%	93%
Audits completed within planned time	89%	90%	79%
Final reports issued within 5 working days of customer response to the draft report	N/A	90%	97%

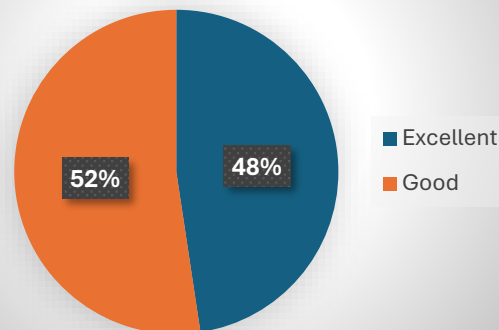


3.15.4 For the first time this year a questionnaire has been developed for Strategic and Assistant Directors to feed back their views on the audit service. The answers were rated from 5 (excellent) 4 (good) through to 1 (poor). The results are shown in Appendix A.

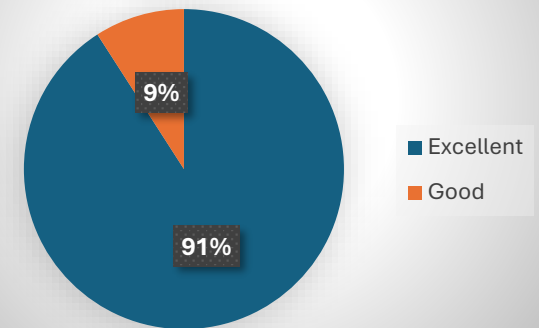
Overall rating of Internal Audit



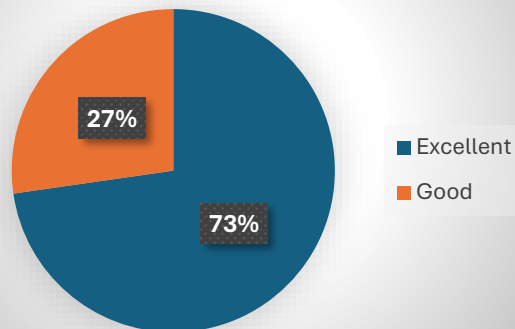
The relationship between your service and Internal Audit



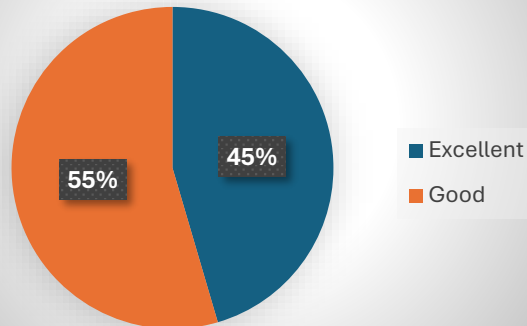
Audit conducted with professional courage, honesty, and objectivity



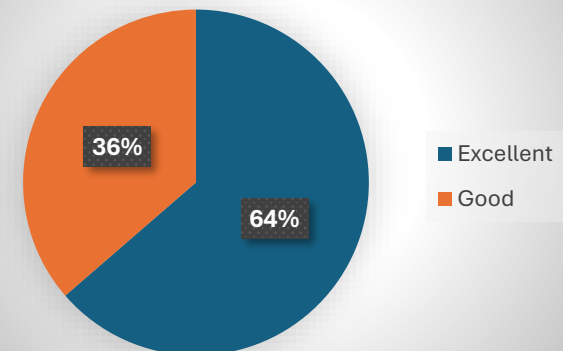
Consultation, communication, and report quality



The extent to which Internal Audit meets your needs

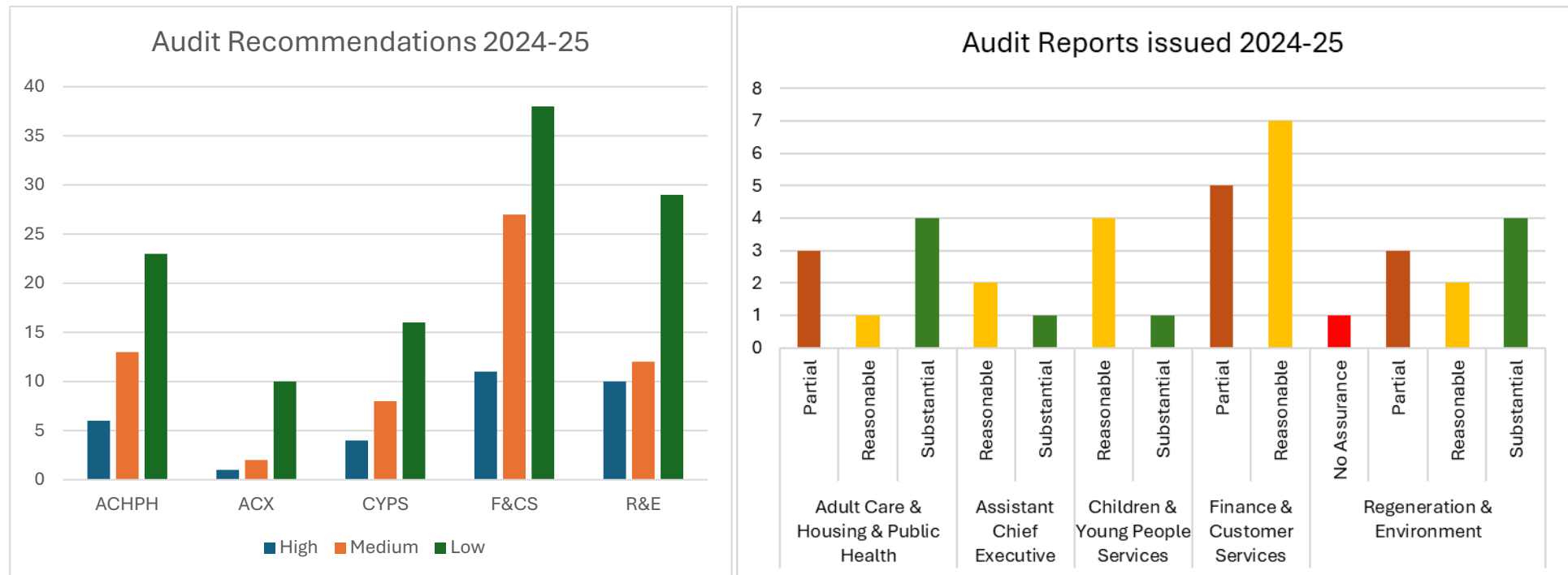


The timeliness of our work



## Analysis of Internal Audit opinions and recommendations 2024-25

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



## Summary of audit reports issued during the year

Audit report	Opinion	Date reported to Audit Committee
<b>Adult Care, Housing and Public Health</b>		
Housing rents	Substantial	September 2024
LGA Peer review	Substantial	September 2024
Homes England Grant	Reasonable	November 2024
Housing – Health and Safety (Smoke and CO alarms)	Partial	November 2024
Procurement Governance	Partial	November 2024
Waiting lists	Substantial	March 2025
Housing – Water safety (Legionella)	Partial	June 2025
Housing - Repairs and Maintenance	Substantial	June 2025
<b>Assistant Chief Executive</b>		
Establishment control	Reasonable	September 2024
Procurement Governance	Reasonable	November 2024
HR Recruitment	Substantial	March 2025
<b>Children and Young Peoples Services</b>		
Commissioning Services	Reasonable	September 2024
School themed audits	Reasonable	September 2024
Early help provision	Substantial	September 2024
Procurement Governance	Reasonable	November 2024
SEND	Reasonable	June 2025
<b>Finance and Customer Services</b>		
Creditors – Faster payments	Reasonable	September 2024
Application management (Housing NEC)	Reasonable	September 2024
Asset management estimates and capital programme	Partial	September 2024
Land Terrier	Reasonable	November 2024



## APPENDIX C

Procurement Governance	Partial	November 2024
Governance (Officer Executive Decisions)	Reasonable	March 2025
IT Continuity Management	Reasonable	March 2025
Fire Safety Follow Up	Reasonable	June 2025
Property acquisitions and disposals	Partial	June 2025
IT Governance Strategies and Policies	Reasonable	June 2025
Water safety (Legionella) compliance Corporate Landlord properties	Partial	June 2025
Building Security follow up	Partial	June 2025
<b>Regeneration and Environment</b>		
Hand arm vibration follow up	Substantial	September 2024
Trading standards	No	September 2024
Hellaby Stores follow up	Substantial	September 2024
Vehicle Operators Licence	Substantial	September 2024
Green Spaces	Reasonable	September 2024
Procurement Governance	Partial	November 2024
CCTV follow up	Substantial	March 2025
Children's capital of culture	Partial	March 2025
Trading Standards follow up	Reasonable	June 2025
Music Service Income	Partial	June 2025

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.</p> <p>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>