

**ROTHERHAM METROPOLITAN
BOROUGH COUNCIL**

**AUDIT COMMITTEE ANNUAL REPORT
2024/25**

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FOREWORD

Welcome to the Annual Report of the Audit Committee, which highlights the role the committee played during 2024-25 to support good governance, efficient internal control, and robust public financial reporting.

The Audit Committee is independent and oversees the audit, assurance and reporting processes that support good governance. It also has oversight of Internal and External Audit, making sure that the assurance arrangements work well.

The committee works well with officers to improve and monitor governance arrangements across the council, and to raise concerns as needed. The committee follows a diverse programme of work, obtaining annual assurance reports for oversight of arrangements, whilst also being flexible and responsive to new issues and concerns when required.

The committee members have participated with an impartial, unbiased, and neutral perspective to the committee's work and I am grateful for their contributions.

Audit Committee membership has changed following the May 2024 elections and membership has remained consistent during the 2024/25 municipal year. A training and development plan has been produced to support both elected and independent members in their roles.

I look forward to working with members and officers of the Audit Committee during the forthcoming year, to enhance the Council's arrangements for effective governance, risk management and internal control.

Councillor Jamie Baggaley Audit Committee Chair July 2025

INTRODUCTION

While there is no statutory obligation to have such an arrangement, Audit Committees are widely recognised as a core component of effective governance and therefore reflect good practice. RMBC's Audit Committee is properly constituted and as such is given sufficient authority and resources by the council. In effect, the Committee has the right to obtain all the information it considers necessary and to consult directly with senior managers. In line with best practice the Audit Committee can report its observations and concerns directly to the council.

A local authority has a duty to ensure that it is fulfilling its responsibilities for adequate and effective internal control, risk management and governance, as well as the economy, efficiency and effectiveness of its activities. The Audit Committee has a key role in overseeing and assessing the internal control, risk management and corporate governance arrangements and advising the council on the adequacy and effectiveness of those arrangements.

This role is reflected in the Committee's Terms of Reference which are attached at Appendix C for information. During October 2022 CIPFA (the Chartered Institute of Public Finance and Accountancy) published 'Audit Committees – Practical guidance for Local Authorities and Police', an update of previous guidance from 2018. The guidance includes suggested Terms of Reference for Audit Committees. These were used as the basis for the updated Terms of Reference for the Audit Committee, which were agreed at the March 2023 Audit Committee meeting and Council on 19th July 2023 as part of the update to the Constitution. The Terms of Reference have been updated to reflect the new internal audit standards and the draft terms are attached at Appendix C.

The Audit Committee had the following membership and attendance during 2024/25 (X denotes meeting attended):

Member	Jun 24	July 24	Sep 24	Nov 24	Jan 25	Mar 25
Cllr Marshall (Chair)	X	X	X		X	X
Cllr Baggaley (Vice Chair)	X	X	X	X	X	X
Cllr McKiernan	X	X		X	X	X
Cllr Blackham	X	X	X	X	X	
Cllr Elliott	X		X	X	X	
Ms Hutchinson (Independent Member)				X	X	X
Mr Olugbenga-Babalola (Independent Member)	X	X	X	X		

HIGHLIGHTS OF THE YEAR

There have been many benefits from the work of the committee. The main outcomes and improvements include:

- An unqualified External Audit opinion on the Council's Statement of Accounts, confirming their accuracy and completeness
- Value for money opinion – overall a positive report. Two key recommendations were raised relating to housing compliance and operational building assets.
- An Annual Governance Statement that reflected the developments within the council
- A positive opinion from the Head of Internal Audit's Annual Report
- Received information from services regarding the positive steps taken following receipt of audit reports with partial/no assurance opinions
- A risk management process that is embedded within the council

SUMMARY OF WORK UNDERTAKEN IN 2024/25

A summary of the reports presented to the Audit Committee is attached at Appendix A and are summarised below.

External Audit – Grant Thornton

- Received and considered the audit plan to review the financial statements.

- Received and considered the detailed results of the external auditor's work in relation to the audit of the 2023/24 financial statements of the Council. The Committee was pleased to note that the auditors had given an unqualified audit opinion.
- Received and considered the annual report detailing the Value For Money opinion for 2023/24. A small number of improvement recommendations and two key recommendations were raised relating to housing compliance and operational building assets.

Internal Audit

- Continued to oversee the internal audit arrangements for the Council.
- Received and approved the Internal Audit Annual Report for 2023/24. This included the Annual Audit Opinion on the adequacy and effectiveness of the framework of control, risk management and governance within the Council. The Committee was pleased to receive a positive opinion.
- Received and approved the Internal Audit Plan for 2025/26. The plan ensures that internal audit resources are prioritised towards those systems and areas which are considered to be most at risk or which contribute most to the achievement of the Council's corporate objectives. It is designed to enable the Head of Internal Audit to give the opinion at the end of the year, but is flexible to ensure it remains relevant throughout the year.
- Monitored the delivery of the Internal Audit Plan for 2024/25 through regular update reports presented by the Head of Internal Audit. Reviewed variations to the audit plan which were considered necessary to reflect new or changed Council priorities and/or risks.
- Monitored the progress made by management during the period to address identified control weaknesses in both the recommendation tracking information received and by attendance of lead officers responsible to implementing action in respect of partial or no assurance internal audit reports.
- Monitored the performance of the Internal Audit team through the regular update reports which included data on achievement of KPI's and feedback from stakeholders.
- Received and considered the implementation of the Quality Assurance and Improvement Plan for 2024 and the results of the self-assessment against Public Sector Internal Audit Standards and initial self-assessment against the Global Internal Audit Standards (UK Public Sector). This led to an updated plan for 2025.

Anti-Fraud and Corruption and Anti Money Laundering

- Received and approved updates to the Anti-Fraud and Corruption Strategy and considered the updated Anti-Fraud and Corruption Policy.
- Received a self-assessment against Fighting Fraud and Corruption Locally Checklist.
- Received information on Internal Audit investigations that had concluded during the year.
- Received and considered the updates to the Anti Money Laundering Policy.

Risk Management

- Continued to oversee the Council's risk management arrangements and received a summary of risk management activity during 2023/24.
- Reviewed the progress made by the Council to identify and address corporate risks. This included consideration of the Strategic Risk Register twice during the year.
- Assessed the adequacy and effectiveness of each Directorate's risk management arrangements through consideration of the risks and mitigating actions identified in their Risk Registers. Presentations were received from Strategic Directors or their representatives on their approach to risk management.

Corporate Governance

- Considered changes to the refreshed Code of Corporate Governance prior to approval. The Code reflects the core principles and requirements of the CIPFA/SOLACE 'Delivering Good Governance in Local Government Framework'.
- Considered the draft and final Annual Governance Statement for 2023/24 on behalf of the Council, showing how the Council complied with the Code of Corporate Governance and highlighting areas of continued progress.
- Received and considered at each meeting the Audit Committee forward plan for the year ahead, ensuring that all relevant areas are covered during the year.
- The Chair and Vice Chair of the Audit Committee and members of staff who regularly attend the Audit Committee completed a self-assessment against CIPFA Guidance for Local Authority Audit Committees. This will be used to inform an ongoing training programme for members. Please see further information below.

Finance

- Considered the unaudited draft Statement of Accounts for 2023/24.
- Considered and approved the Statement of Accounts for 2023/24 on behalf of the Council.
- Received and considered a report on the final accounts closedown and accounting policies updates for 2024/25.
- Continued to review the Council's Treasury Management arrangements. This included reviewing the Annual Treasury Management Report for 2023/24 which covered the actual Prudential Indicators, and the Mid-Year Monitoring Report and quarterly update reports.
- Received a report on the Dedicated School Grant/Safety Value funding, noting the additional funding received through the Department for Education's Safety Valve Programme.

Other

- Received and considered two update reports on progress made to implement recommendations arising from external audits, inspections and reviews.
- Received and considered a report on the Council's use of surveillance and acquisition of communication data powers under the Regulation of Investigatory Powers Act 2000 (RIPA). There had been no usage of these powers by the Council during 2023/24.
- Received an annual report on Information Governance, including compliance with GDPR and the Data Protection Act 2018.
- Received a report on procurement, including information surrounding the councils work to prepare for the implementation of the Procurement Act 2023.
- Received updates on the actions taken by services following the issue of partial/no assurance opinion internal audits.

SELF ASSESSMENT EVALUATION AND TRAINING AND DEVELOPMENT

A self-assessment was carried out against checklists from the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance "Audit Committees / Practical Guidance for Local Authorities and Police 2022 Edition." The self-assessment provides a high level review of best practice that incorporates the key principles set out in Cipfa's Position Statement and Guidance.

Where an audit committee has a high degree of performance against good practice principles, it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee. The self-assessment which is undertaken on an annual basis, is used to support the planning of the Audit Committee Work Programme and Training and Development Plan.

The assessment identified the committee was operating in accordance with best practice in the majority of areas.

The action required following the self assessment undertaken last year, was for Audit Committee members to undertake an evaluation of their knowledge, skills and training needs. This has now been completed. No gaps have been identified in the training plan, however it has been confirmed that committee members value the training sessions that are delivered, and in the training plan for 2025-26 these have once again been timed to coincide with the relevant agenda item/committee meeting.

The two independent members received induction training covering the main role and areas of responsibility of the Committee and were invited to training sessions as set out in the workplan. Separate feedback meetings have been arranged to obtain their views on the training and development received to date and to identify any additional requirements.

The proposed training and development plan is attached at Appendix B for discussion and comment.

Appendix A

AUDIT COMMITTEE ACTIVITY – 2024/25	June 2024	July 2024	Sept 2024	Nov 2024	Jan 2025	Mar 2025
Statutory accounts and AGS						
Statement of accounts	Draft		Update	Approval		
Annual Governance Statement	Draft		Update	Approval		
Annual operational and specialist assurance reports						
Annual Procurement Update Report						
Risk Management Annual Report						
Strategic Risk Register						
Treasury Management Quarterly updates, Outturn and Strategy		Outturn	Q1 Indicators	Mid year (Q1 & Q2) Indicators		Q3 Indicators & Strategy
Information Governance Annual Assurance Report						
Dedicated School Grant – Safety Value funding						
Review of surveillance and use of Regulation of Investigatory Powers Act						
Internal Audit & Counter Fraud						
Internal Audit Progress Report						
Internal Audit Plan						
Internal Audit Annual Report and Opinion						
Internal Audit Charter, Quality Assurance and Improvement Programme and annual self assessment against the standards						

Appendix A

AUDIT COMMITTEE ACTIVITY – 2024/25	June 2024	July 2024	Sept 2024	Nov 2024	Jan 2025	Mar 2025
Internal Audit External Quality Assessment Options Appraisal						
Anti Fraud and Corruption Policy and Strategy Review and Update						
Anti Money Laundering Policy Review and Update						
External Audit						
External Audit ISA 260 Report						
External Audit Annual Report (Value For Money)						
External Audit Plan						
External audit progress update						
External Audit Quality assurance arrangements and MRP						
Additional reports received						
Closure of accounts and timetable						
Chief Executive Presentation						
Code of Corporate Governance						
External inspections, reviews and audits update						
Audit Committee Annual Report						
PSTN Risk Update						
Audit update - Trading Standards						

Appendix A

AUDIT COMMITTEE ACTIVITY – 2024/25	June 2024	July 2024	Sept 2024	Nov 2024	Jan 2025	Mar 2025
Audit update - Procurement Governance						
Audit update - Health and Safety in Council Homes						
Audit update - Asset management estimates and capital programme						
Hand Arm Vibration HSE update						
Directorate Risk Registers	ACHPH		ACE	RE	FCS	CYPS
Forward Plan						

Key

ACHPH – Adult Care, Housing and Public Health

ACE – Assistant Chief Executive

RE – Regeneration and Environment

FCS – Finance and Customer Services

CYPS – Children and Young People's Services

Proposed Audit Committee Member Training and Development Plan 2025-26

Subject Area	Key areas of coverage	Month	Lead officer
Statement of Accounts	<ul style="list-style-type: none"> Understanding of the financial statements and process leading up to Audit Committee approval following external audit 	June Complete	Natalia Govorukhina, Sarah Sweeney
Governance	<ul style="list-style-type: none"> Knowledge of the seven principles of the CIPFA/Solace Framework 2016 Knowledge of the requirements of the Annual Governance Statement How the principles of governance are implemented locally as set out in the local code of governance 3 lines of defence 	June Complete	Simon Dennis
Audits, Inspections and Reviews	<ul style="list-style-type: none"> Brief overview of the process for tracking external inspections The reasons why the AC tracks such inspections. 	July	Simon Dennis
Risk Management	<ul style="list-style-type: none"> Principles of Risk Management Risk Management Policy and Strategy Role of members of the Audit Committee with regards to risk 	July	Simon Dennis
Internal Audit & Counter fraud and corruption	<ul style="list-style-type: none"> Internal audit standards Quality Assurance and Improvement Plan Charter/Terms of Reference AFC Policy and Strategy and IA role 	September	Louise Ivens

Appendix B

Treasury Management	<ul style="list-style-type: none"> • Regulatory requirements • Treasury risks • Treasury management strategy • Council's policies and procedures regarding treasury management • MRP 	November	Rob Mahon, Natalia Govorukhina, Tom Soulby Link external consultants
External Audit	<ul style="list-style-type: none"> • Audit plan • Opinion reports (Accounts, VFM) • Arrangements for the appointment of auditors and quality monitoring undertaken 	TBC	This will organised separately by Grant Thornton and will be run in conjunction with other local authorities

TERMS OF REFERENCE ~~2023/24~~2025/26

Committee Size

To be comprised of:-

- Five Councillors, none of which are members of the Cabinet.
- Two people who are not councillors or officers of the Council (independent members).

Statement of purpose

- 1 The Committee's purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role in ensuring there is sufficient assurance over governance, risk and control gives greater confidence to the Council that those arrangements are effective.
- 2 The Committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.

Governance, risk and control

- 3 To review the Council's corporate governance arrangements against the Good Governance Framework, including the ethical framework and consider RMBC's Code of Governance.
- 4 To monitor the effective development and operation of risk management in the Council
- 5 To monitor progress in addressing risk-related issues reported to the Committee.
- 6 To review risk registers and consider their adequacy and effectiveness in capturing and assessing risks and completing mitigating actions.
- 7 To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 8 To consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA's Financial Management Code.
- 9 To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- 10 To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- 11 To monitor the Counter-Fraud Strategy, actions and resources.
- 12 To review the governance and assurance arrangements for significant partnerships or collaborations.
- 13 To deal with any matters referred to the Committee by the Statutory Officers.

Governance Reporting

- 14 To review the Annual Governance Statement (AGS) prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account Internal Audit's opinion on the overall adequacy and effectiveness of the Council's Framework of Governance, risk management and control.
- 15 To consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the Authority's objectives.
- 16 To approve the final AGS for publication.

Financial Reporting

- 17 To monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.
- 18 To review the draft annual Statement of Accounts following approval by the s151 Officer. Specifically, to consider whether appropriate accounting policies have been followed.
- 19 To approve the final audited annual Statement of Accounts for publication. Specifically, to consider whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
- 20 To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Arrangements for Audit and Assurance

- 21 To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
- 22 To consider reports on progress against actions from external inspections and audits.

External audit

- 23 To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by Public Sector Audit Appointments (PSAA).
- 24 To approve the external auditor's annual plan.
- 25 To approve any revisions to the external auditor's plan.
- 26 To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- 27 To consider specific reports as agreed with the external auditor.
- 28 To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 29 To consider additional commissions of work from external audit.

- 30 To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies
- 31 To provide free and unfettered access to the Audit Committee Chair for the auditors, including the opportunity for a private meeting with the Committee.

Internal Audit

- 32 To approve the Internal Audit Charter.
- 33 To approve the risk-based Internal Audit plan, including Internal Audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- 34 To approve significant interim changes to the risk-based Internal Audit plan and resource requirements.
- 35 To make appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations.
- 36 To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing and to approve and periodically review safeguards to limit such impairments.
- 37 To approve the internal or external assessments of Internal Audit against ~~Public Sector Internal Audit Standards~~ Global Internal Audit Standards (UK Public Sector).
- 38 To consider reports from the Head of Internal Audit on Internal Audit's performance during the year. These will include:-
 - updates on the work of Internal Audit including progress against the plan; key findings and issues of concern; action in hand as a result of Internal Audit work; and performance indicators.
 - regular reports on the results of Quality Assurance and Improvement Programme.
 - reports on instances where the Internal Audit function does not conform to the ~~PSIAS and LGAN~~ Global Internal Audit Standards (UK Public Sector), considering whether the non-conformance is significant enough that it must be included in the AGS
- 39 To approve the Head of Internal Audit's annual report including:-
 - The statement of the level of conformance with the ~~PSIAS and LGAN~~ Global Internal Audit Standards (UK Public Sector) and the results of the QAIP that support the statement.
 - The opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control together with the summary of the work supporting the opinion.
- 40 To consider summaries of specific Internal Audit reports.
- 41 To receive reports outlining the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- 42 To contribute to the QAIP and in particular, to the External Quality Assessment of Internal Audit that takes place at least once every five years.

- 43 To provide free and unfettered access to the Audit Committee Chair for the Head of Internal Audit, including the opportunity for him/her to meet privately with the committee.

Treasury Management

- 44 To review Treasury Management Policy, Strategy and procedures and to be satisfied that controls are satisfactory
- 45 To receive annual reports on Treasury Management, specifically the outturn report and the mid-year report
- 46 To review the treasury risk profile and adequacy of treasury risk management processes
- 47 To review assurances on Treasury Management, for example an Internal Audit report, external audit report or other review.

Accountability arrangements

- 48 To report to those charged with governance on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.
- 49 To report to full council on a regular basis on the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.
- 50 To submit a report on the work of the Committee to the Council on an annual basis, including a conclusion on compliance with the CIPFA Position Statement on Audit Committees.