

**Committee Name and Date of Committee Meeting**

Audit Committee – 25 September 2025

**Report Title**

Progress report on Internal Audit partial opinion audits

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

No

**Strategic Director Approving Submission of the Report**

Judith Badger, Strategic Director of Finance and Customer Services

Ian Spicer, Strategic Director of Adults, Housing and Public Health

Andrew Bramidge, Strategic Director of Regeneration and Environment

**Report Author(s)**

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**Ward(s) Affected**

Borough-Wide

**Report Summary**

The purpose of this report is to provide assurance to the Audit Committee in relation to the actions taken, and implementation of the recommendations made with regard to the partial assurance Internal Audit reports on:-

- Asset Management property acquisitions and disposals
- Building Security Follow up
- Water safety (legionella) compliance (Corporate Landlord)
- Water safety (legionella) compliance (Housing)
- Music Service income
- Home to School Transport.

**Recommendations**

That the Audit Committee note the contents of the report.

**List of Appendices Included**

N/A

**Background Papers**

Internal Audit Progress Report 17<sup>th</sup> June Audit Committee

Internal Audit Progress Report 25<sup>th</sup> September Audit Committee

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

No

**Council Approval Required**

No

**Exempt from the Press and Public**

No

## **Progress report on Internal Audit partial opinion audits**

### **1. Background**

- 1.1 In accordance with the 2024-25 audit plan, audits have been carried out across key areas of the Council's operations. The June progress report to the Audit Committee reported on five partial opinions. In accordance with the agreed process, an update is provided by the service at the following Audit Committee, setting out the actions taken to address the recommendations raised. This report includes a number of updates from these partial opinion audits. In addition, there is an update on a further audit which is included in the September Internal Audit progress report (Home to School Transport).

### **2. Key Issues**

- 2.1 The key issues identified by the audits were included in the June Audit Committee Internal Audit update at Appendix C. The issues identified in the Home to School Transport audit are included in the September Audit Committee Internal Audit update at Appendix C.

- 2.2 Directorates have provided the following updates on action taken following the audits.

#### **2.3 Asset management property acquisitions and disposals**

- 2.4 Internal Audit carried out an end-to-end audit of the acquisitions and disposals process following substantial costs that had been incurred to remedy damage to a town centre property which was acquired and not promptly secured.
- 2.5 This contributed to an overspend against the budget within the Asset Management Service in 2023-24 of £0.3m. The audit scoping process commenced in March 2024 with initial meetings held with the former Head of Asset Management and the Strategic Asset Manager but was put on hold until the new Assistant Director of Property and Facilities Services was appointed in May 2024.
- 2.6 The audit recommenced in July 2024 and the scope was agreed with the Assistant Director of Property and Facilities Services. At this stage, a proposed restructure of Asset Management and Facilities Services was initiated with the intention of appointing a new Head of Property and new Head of Facilities Services.
- 2.7 The following concerns were raised during the scoping of the audit:
- a) Insufficient due diligence undertaken prior to acquisition and Asset Management not being made aware of acquisitions in time to arrange for the property to be secured.
  - b) Key records not promptly updated for acquisitions and disposals.
  - c) Significant delays in implementing Cabinet decisions to dispose of property.

- 2.8 The objective of the audit was to provide assurance on the management of land & property acquisitions and disposals and the adequacy of liaison/due diligence between the services involved in the process.
- 2.9 Based upon the results of the audit, a partial assurance was given that the controls were operating effectively. 19 recommendations were made which contributed to the overall assurance opinion and a timetable was agreed to implement these recommendations.
- 2.10 It is important to note that through the establishment of Property and Facilities Services, several service improvements have been identified and the Audit carried out confirms those areas of improvement, therefore welcomes the Audit report and recommendations.
- 2.11 The service has established a Service Improvement Plan and are working through improving processes, policies and operational functions. New structures are taking shape within Property and Facilities Services, with the establishment of a new Head of Property and a Head of Facilities and Compliance, who will collectively and individually (dependant on the nature of the activity) have accountability and responsibility for developing, implementing and reviewing process, policy and assurance.
- 2.12 Of the 19 recommendations, 18 have been completed with the last recommendation remaining within timescale for completion – that being that the role of Property Services should be effectively communicated to all relevant departments. Services have been updated through a briefing note at Asset Management Board and direct updates have been given to Regeneration & Environment, CYPS and Housing due to those services being the most prolific clients of the service. Whilst additional work will be undertaken, it is anticipated that this final recommendation will be closed by the due date of 30<sup>th</sup> September.

**2.13 Building Security Follow Up**

The former Asset Management Service (now part of Property and Facilities Services) underwent three internal audits: the original in September 2022, a follow-up in October 2023, and the latest follow up in February 2025; all resulting in partial assurance. The partial assurance in the latest audit was primarily due to incomplete implementation of agreed actions, notably around inspection frequency and recording on the CIPFA Asset Manager system. The reasons for the partial assurance are as follows:-

- 2.14 Change in CIPFA Update Process: The process for updating the CIPFA Asset Manager was revised, which temporarily affected the ability to fully comply with inspection and recording requirements. This process change has now been completed.
- 2.15 Building Manager Resignation: The Building Manager, who was responsible for conducting checks and quality assurance, resigned. This created a gap in oversight and continuity for inspection tasks. This position is now recruited into.

- 2.16 Staff Vacancies and Transition: Ongoing recruitment and transition from Asset Management to Property & Facilities Services, contributed to missed inspections and incomplete records.
- 2.17 The current position and actions taken are as follows:-
- 2.18 Planned Maintenance (Inspection) Tasks: New inspection tasks are being created as part of the Services Planned Maintenance process. These can be assigned to the new Building Manager and substitutes when required, ensuring continuity and resilience in the inspection process.
- 2.19 Monitoring and QA: The Head of Facilities and Compliance continues to monitor and sample test inspection records monthly. Compliance dashboards are created and reported on.
- 2.20 Instructions to Building Officers: Building Officers have been instructed to carry out inspections at the agreed frequency and record reasons for any missed inspections directly in CIPFA. QA checks of CIPFA records will be performed regularly by management, again linking with the dashboard reporting.
- 2.21 Asset Management continues to face resource challenges, but improvements from the recent reorganisation are expected to help address these. Property and Facilities Service are currently market testing for a new Computer Aided Facilities Management System (CAFM) that will provide greater control and management of Council assets, compliance within those assets and scheduling of tasks and activities all in a more live environment. Whilst this is being implemented, current systems and process will run alongside any implementation.
- 2.22 All recommendations from the previous audits have now been implemented, with robust plans in place to ensure compliance going forward, noting that the last report provided a partial assurance, due to one outstanding action from the follow up audit which has now been completed. Continuous monitoring and the new Planned Maintenance approach will support full assurance in future audits.
- 2.23 **Water Safety (Legionella) in Corporate Landlord properties**
- 2.24 An internal audit was conducted on water safety (legionella) compliance across Corporate Landlord Properties, as part of the 2024/25 Audit Plan. The audit provided Partial Assurance due to medium risks identified in several areas of compliance.
- 2.25 The current position and actions taken are as follows:-
- 2.26 Policy and Process Improvements: The Head of Facilities Management and Compliance has led the development of new policies and processes to

strengthen water safety compliance. This includes the drafting and approval of a new Legionella Policy and comprehensive procedures.

- 2.27 **Monitoring and Recording Regimes:** New monitoring and recording regimes have been established, supported by the implementation of dashboards that enable proactive compliance management and provide early warnings of non-compliance.
- 2.28 **Contract Review and Management:** All relevant contracts have been reviewed to ensure clear understanding of requirements. Compliance is now monitored through regular monthly contractor management meetings, with performance and remedial actions tracked and followed up as needed.
- 2.29 **Reporting and Oversight:** A quarterly compliance report is now submitted to the Directorate Leadership Team (DLT), ensuring senior management oversight of all compliance matters.
- 2.30 **Restructure for Professional Compliance Management:** A service restructure is underway, introducing new, clear, and professional roles dedicated to compliance management. This will further strengthen the Council's ability to meet regulatory requirements and maintain robust oversight.
- 2.31 **Assurance and Ongoing Monitoring:** While the audit identified areas for improvement, significant progress has been made in response. The new management arrangements, enhanced monitoring, and improved reporting mechanisms are expected to address the weaknesses identified and support full compliance going forward.
- 2.32 **Water Safety (Legionella) in Housing properties**
- 2.33 The Water Safety (Legionella) Audit undertaken in February 2025 concluded with a partial assurance and thirteen recommendations. Significant work has been undertaken since the audit by a newly introduced compliance team with specialist officers responsible for oversight of water safety within the housing stock and the Legionella Policy that was approved by Cabinet in December 2024.
- 2.34 Robust processes are in place within Facilities Management and the Housing Service to ensure legionella compliance. Performance information is overseen by the Housing Safety and Quality Panel on a monthly basis and quarterly by the Housing Regulatory Assurance Board attended by the Cabinet Member for Housing and the Chief Executive. Performance on water safety checks is also published on the Council website.
- 2.35 All audit actions have been completed and the following improvements made:
- 2.36 Improved performance management of contractors works. The contract governance has been tightened with monthly contract management meetings where performance and outstanding work is discussed.

- 2.37 Inspection of communal areas to verify presence of water outlets. Communal areas where a water supply may have previously been located have been inspected to confirm that the supply has been removed.
- 2.38 The introduction of quality assurance checks on contractors work, certification and evidenced based closure of remedial actions. Remedial actions are only closed as complete when there is evidence that the work has been completed.
- 2.39 The implementation of a documented flushing regime in line with flushing control measures, e.g., flushing is undertaken on void properties prior to letting and documented.
- 2.40 A training guide for flushing has been distributed to housing staff, facilities management teams and contractors.
- 2.41 The tenant welcome pack includes information on legionella. This includes details of legionella, what risks it can pose and how it can be prevented i.e. regularly running taps and showers.
- 2.42 Guide for removal of redundant pipework has been issued to contractors. This includes guidance on what pipework may be classified as redundant and circumstances where it should be removed.
- 2.43 Restricted access to authorised personnel has been implemented to water tank storage facilities.
- 2.44 All areas with a water tank have been inspected to ensure they are locked with keys that are only available to authorised Council staff and contractors.
- 2.45 Public Health have produced an outbreak plan which has been circulated to Council staff, RDASH, UKHSA, TRFT and ICB detailing the procedure in place if there is a disease outbreak.
- 2.46 **Music Service income**
- 2.47 The Music Service provides a range of chargeable services to schools and school pupils such as whole class lessons, individual/small group lessons and instrument hire. Service Level Agreements (SLAs) are agreed annually with each participating school in advance of the next academic year. All chargeable services and scheduled music lessons are recorded on EEPOS which is a cloud-based Music Hub Administration and Management System. The service requested the audit in order to provide assurance that music service income is complete, recorded correctly and Financial and Procurement Procedure Rules (FPPR) compliant following a change in payment and customer relationship management systems.
- 2.48 The result was a 'Partial Assurance' and provided nine recommendations for implementation, of which four were low risk, four were medium and 1

was high. Eight actions are now complete, and the remaining action, due by 31st October, is on track.

- 2.49 As a consequence of the review process, additional controls are in place as follows:
- 2.50 Documented Procedures: Process flow charts are in place and training took place in July with further training scheduled once the new Business Development and Information postholder is in place.
- 2.51 SLAs (Service Level Agreements): New Partnership Agreement Templates are now in place, approved by Legal and Finance. Partnership Agreements are now in place for all schools taking up Rotherham Music services, approved by the Head of Service.
- 2.52 Quality Assurance Checks: A new system of quality assurance checks has been developed and this will be tested September - December 25/26. This is to allow for a full cycle of billing for this academic year with the new systems and processes in place. This will be followed with quarterly spot checks of transactions including documentation of audits and outcomes will be shared with Head of Creative Programming & Engagement.
- 2.53 Sibling Discount: To provide documented evidence of approval of the sibling discount, the route agreed with the Assistant Director of Financial Services was via an Officer Decision Record which was published on 1st September.
- 2.54 Fees: The agreed action was for the Head of Creative Programming & Engagement to meet with Assistant Director for Financial Services to agree the approach to Fees & Charges and appropriate governance and documentation of this. The service was exempt from the process of Fees and Charges for the financial year 2025/26 to allow for a review of all Fees & Charges in the schedule. The agreed route for setting Fees & Charges, including Sibling Discount, for the academic year 2025/26 was via Officer Decision Record. Next year's schedule of Fees & Charges will be updated in line with the FPPRs, and pricing will be set in line with this process, with implementation from 1st September to coincide with the school year.
- 2.55 School Billing and Upfront Payments: The agreed actions were that school invoicing should be brought forward to comply with corporate guidance to raise invoices within five days of the commencement of service and to explore options for additional administrative capacity to support compliance as part of proposed restructure. The school invoices for the Autumn term are now being sent out within the agreed terms and additional administrative support has been agreed as part of the forthcoming music service restructure.
- 2.56 Reconciliations: The recommendation noted robust reconciliations between EEPOS and the general ledger should be put in place to demonstrate that income and outstanding debt is completely accounted for. The agreed reconciliation process between EEPOS and the ledger to demonstrate that



income and outstanding debt is accounted for. This will be further tested with the Autumn term 2025/26 billing.

- 2.57 Write Offs: The new process for write offs has been agreed and is compliant with the FPPR process for write offs via the Sundry Debtors team. The procedure will be further tested in Autumn term 2025/26

**2.58 Home to School Transport**

- 2.59 Following final agreement of the audit and whilst the report remained in draft, a number of actions were prioritised for progression and achieved completion by the 30<sup>th</sup> June 2025. These primarily related to driver compliance with 3 actions completed to satisfy the actions from the Audit report. All records have been brought up to date and a new monthly report showing compliance across DBS checks and training records has been established. The report is being further developed to include all areas of compliance along with statistical information.

- 2.60 The 24 actions due for completion and implementation due by 31<sup>st</sup> August 2025 have been complied with and evidenced. All identified actions in relation to processes and procedures have been developed and implemented, along with scheduled monthly dip test checks and relevant toolbox talks planned for staff involved in the day-to-day operation of the service.

- 2.61 The Home to School Transport service does not have a current contract/framework in place with the external operators providing transport for the service. Contract extensions have been approved via exemptions from retendering to continue operating the service out of contract. However, the latest approved exemption expired in March 2024 exposing the Council to risk of challenge.

- 2.62 A Project Team has been established consisting of officers from the Home to School Transport and Procurement teams. During the first couple of meetings an initial scoping and analysis of requirements/route to market has been undertaken. A project plan is now in the process of being developed to set out the timescales and work required to achieve the awarding and implementation of a new contract using the most effective and efficient route possible. This will be submitted to the Assistant Director, Community Safety and Street Scene, in accordance with the audit action due date of 30/09/25. Once a new contract is established, contractual management controls will be established to flag up when renewals are approaching within the contract, including but not limited to re-tendering, contract renewals/notice periods, rolling over or applicability of any exemptions incorporated during the contract period. This audit action is due for implementation by 30/12/26.

- 2.63 A revised onboarding procedure document and form of agreement has been developed and implemented for new operators that are being on-boarded and has also been applied to those operators who joined under the period of exemption. This will also be incorporated into any new contract arrangement.

2.64 In summary, 27 audit actions have now been complied with and implemented. Of the remaining actions there are 3 further actions due to be completed by 30<sup>th</sup> September 2025, 2 actions relating to a new Operator Contract to be implemented by 30<sup>th</sup> September 2026 and 1 final action relating to contract management controls by 31<sup>st</sup> December 2026.

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

3.1 No further options considered at this stage.

### **4. Consultation on proposal**

4.1 Not applicable.

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

5.1 Each directorate has its own action plan which includes target dates for implementation. These are tracked and monitored by Internal Audit and Directorates. Audit action tracking data is included within the Internal Audit Progress Reports to Audit Committee.

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

6.1 There are no direct financial or procurement implications arising from this report.

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

7.1 There are no direct Legal implications arising from the report.

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

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

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

9.1 There are no direct implications arising from the report on children, young people and vulnerable adults.

### **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 CO<sub>2</sub> Emissions and Climate Change**

11.1 There are no direct CO<sub>2</sub> and Climate Change implications arising from the report.

## **12. Implications for Partners**

12.1 There are no direct implications for partners.

## **13. Risks and Mitigation**

13.1 Implementation of the actions identified during the audit will help to mitigate the risks.

### **Accountable Officer(s)**

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