

External Quality Assessment of Conformance to the Global Internal Audit Standards in the UK Public Sector

Rotherham Metropolitan Borough Council

Internal Audit Function

Final Report

Lead Consultant: Sean Titley

Oversight, Review and Quality Assessment: Diana Melville

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1. Executive Summary

The comprehensive External Quality Assessment (EQA) of the Internal Audit function measured conformance against the Global Internal Audit Standards (GIAS), the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government (the Code), and the associated Application Note: Global Internal Audit Standards in the UK Public Sector.

The GIAS is structured around five Domains, which collectively contain 15 guiding Principles and 52 underlying Standards. The CIPFA Code of Practice for the Governance of Internal Audit provides the specific framework for meeting the essential governance conditions in UK local government, built upon three Principles and articulated through nine Provisions. The Application Note - Global Internal Audit Standards mandates further specific UK governance requirements.

This assessment confirms that the function is **Generally Conforming** overall to these Standards and Principles. This is the highest classification we award, for classification definitions see Section 14

The findings reflect a strong governance partnership between internal audit, the audit committee, and senior management, noting that clients and stakeholders highly value internal audit. Interviewees praised the function's professionalism, transparent and objective delivery, and the strong working relationships established within the authority. This positive endorsement confirms that the governance oversight mechanisms and senior management support are largely effective in ensuring internal audit remains an influential resource. This has been achieved with a relatively small internal audit team and constrained resources.

Four areas were assessed as Partially Conforming. Two for the same reason being a Standard under GIAS and a Provision under the Code. This highlights opportunities for strengthening the governance framework and specific procedures:

1. Domain II, Principle 5 (Maintain Confidentiality): Concerns exist due to the lack of a formal Service Level Agreement (SLA) between the authority and the outsourced IT audit provider, creating uncertainty regarding third-party risk management and data protection (see 6.5.2).

2. Domain III, Principle 7 and the Code 2.1 (Positioned Independently): The head of internal audit's (HIA) responsibilities as a whistleblowing officer and with responsibilities for anti-fraud and corruption arrangements carry a risk of impairing independence, requiring review and the implementation of clear, robust safeguards agreed upon by those charged with governance (see 7.2.1).

3. Domain V, Principle 13 (Communicating Effectively), Standard 13.4 (Evaluation Criteria). We found that the Principle still generally conformed but for the specific standard that VFM consideration were insufficiently documented in the evaluation criteria.

High, medium and low priority management actions and advisory points for consideration can be found at section 13 Issues for Management Action and Consideration.

In total RMBC conformed to 49 out of 52 of the Standards and 8 out of the 9 Provisions of the Code.

2. Introduction

- 2.1 Internal audit within the public sector in the United Kingdom is governed by Global Internal Audit Standards (GIAS) in the UK Public Sector, which have been applicable to the UK public sector since 1st April 2025. GIAS are modified by the Application Note GIAS in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government. All public sector internal audit services are required to measure how well they are conforming to the standards. This can be achieved through undertaking periodic self-assessments, and external quality assessments (EQA). However, the standards state that an external reviewer must undertake a full assessment or validate the internal audit's own self-assessment at least once in a five-year period.

3. Background

- 3.1 The internal audit function provides its services to Rotherham Metropolitan Borough Council (RMBC). The chief audit executive is the Council's Head of Internal Audit (HIA). Below the HIA post the internal audit service has two Principal Auditor posts, one post is 0.8 of a full time equivalent (FTE), the other 0.4FTE; five Senior Auditors, three FTE, one 0.73 FTE and another 0.6 FTE with a further FTE Auditor. The internal audit function team is very experienced with all holding professional accounting and audit qualifications; however the HIA is managing succession planning issues due to anticipated retirements. The internal audit function is in the process of recruiting due to a retirement and is looking to build resilience and in-house capacity. There is a known acute shortage of experienced and/or qualified internal auditors across the country and particularly in the North-West. The team is at a level where it delivers the annual internal audit plan, but capacity could be further built to meet its full potential. This is reflected in the RMBC Internal Audit Strategy 2025-28.

Technology audit continues to increase in importance. The internal audit function have no professionally qualified IT audit capacity. IT audit capacity is outsourced to Salford IT Services. One principal auditor (0.4 FTE) who is understood to be qualified by experience, provides the review and QA function for RMBC to take assurance from the work of the outsourced service. Qualified IT auditors are also difficult to recruit.

- 3.2 The HIA is an experienced internal audit professional who is CIPFA qualified and also a CIPFA accredited counter fraud specialist. The Principal Auditors are both AAT qualified, highly experienced internal audit professionals.
- 3.3 The internal audit function had its last external quality assessment (EQA) under Public Sector Internal Audit Standards (PSIAS) completed in November 2020 and reported to the board (Audit Committee) in March 2021. This EQA, begun in November 2025, is within the 5 year mandated period by GIAS in the UK Public Sector.
- 3.4 Rotherham Metropolitan Borough Council's Audit Committee meets six times a year. The Committee includes councillors and two independent members. Independent members are valued for bringing balance and skills.
- The audit committee completed their annual self-assessment of effectiveness review in 2025; they were assessed as fully complying with good practice against the CIPFA "Self-Assessment of Good Practice" checklist.
- 3.5 The internal audit function has an audit manual that provides the auditors with a guide to all aspects of performing an internal audit or a consultancy assignment. The service

uses standard templates for all terms of reference, engagement working papers, testing schedules, and audit reports. Supervision of the engagements takes place at every stage of the process and is recorded in working papers.

- 3.6 There is a quality assurance process in place that includes internal and external quality assessments of the Service, reviews of live engagements, final clearance of all completed reports and issuance of post audit satisfaction surveys is put in place by the HIA and carried out by internal audit function. These form the basis of the Quality Assurance and Improvement Programme (QAIP).
- 3.7 We also note the results of the survey at Appendix A. The responses of stakeholders were positive and show the work of internal audit is valued. We noted that questions asking about opinions of risk management were flagged with some “partially agree” and “don’t know” responses and as a result consider this is an area the HIA could seek to add more value

4. Full Assessment Process

- 4.1 This full assessment of the internal audit function comprised a combination of a review of the evidence provided by internal audit; a review of a sample of completed internal audits; a survey that was sent to and completed by a range of stakeholders; and interviews with key stakeholders, using MS Teams. The interviews focussed on determining the strengths and weaknesses of internal audit and assessed the Service against the five GIAS Domains: Purpose of Internal Auditing; Ethics and Professionalism; Governing the internal audit function; Managing the internal audit function and Performing internal audit services. It also assessed the Service against the GIAS UK Public Sector Application Note and CIPFA’s Code of Practice for the Governance of Internal Audit in UK Local Government
- 4.2 The internal audit function provided a comprehensive range of documents that they used as evidence to support their self-assessment, and these were available for examination prior to and during this validation review. These documents included the:
- self-assessment against the standards
 - quality assurance and improvement plan (QAIP)
 - evidence file to support the self-assessment
 - the audit charter
 - the annual reports and opinions
 - the audit plans and strategies
 - audit procedures manual
 - a range of documents and records relating to the team members
 - progress and other reports to the Audit Committee.

All the above documents were examined during this EQA.

- 4.3 The full assessment process was carried out during the three weeks commencing 17th November 2025. This involved a review of a sample of audit files and interviews with a sample of key stakeholders from Rotherham MBC. Overall, the feedback from the interviewees was very positive with clients valuing the professional, knowledgeable, transparent and objective way the internal audit service delivered their services and strong relationships the service has built.

- 4.4 The assessor reviewed a sample of completed audits to confirm his understanding of the audit process used, and to determine how Internal Audit has applied GIAS in the UK Public Sector in practice.

4. Conclusion

It is our conclusion that Rotherham Metropolitan Borough Council's internal audit function Generally Conforms to the requirements of the Global Internal Audit Standards in the UK Public Sector.

The table below shows the Internal Audit Function's level of conformance to the fifteen guiding Principles in the Global Internal Audit Standards assessed during this external quality assessment:

Domain / Principle Assessed (Consists of 15 Principles & 52 Standards)	Level of Conformance
Domain I: Purpose of Internal Auditing	Generally Conforms
Domain II: Ethics and Professionalism	Generally Conforms
Principle 1 Demonstrate Integrity	Generally Conforms
Principle 2 Maintain Objectivity	Generally Conforms
Principle 3 Demonstrate Competency	Generally Conforms
Principle 4 Exercise Due Professional Care	Generally Conforms
Principle 5 Maintain Confidentiality	Partially Conforms
Domain III: Governing the Internal Audit function	Generally Conforms
Principle 6 Authorised by the Board	Generally Conforms
Principle 7 Positioned Independently	Partially Conforms
Principle 8 Overseen by the Board	Generally Conforms
Domain IV: Managing the Internal Audit function	Generally Conforms
Principle 9 Plan Strategically	Generally Conforms
Principle 10 Manage Resources	Generally Conforms
Principle 11 Communicates Effectively	Generally Conforms
Principle 12 Enhance Quality	Generally Conforms

Domain / Principle Assessed (Consists of 15 Principles & 52 Standards)	Level of Conformance
Domain V: Performing Internal Audit services	Generally Conforms
Principle 13 Plan Engagements Effectively	Generally Conforms
Principle 14 Conduct Engagement Work	Generally Conforms
Principle 15 Communicate Engagement Results and Monitor Action Plans	Generally Conforms

The table below shows the internal audit function's level of conformance to CIPFA's Code of Practice on the Governance of Internal Audit which meets the objectives of the essential conditions in Domain III of the GIAS in the public sector:

Principle / Provision Assessed (consists of 3 Principles and 9 Provisions)	Level of Conformance
Principle I: Providing Authority for Internal Audit	Generally Conforms
Provision 1.1 Internal Audit's Mandate	Generally Conforms
Provision 1.2 Internal Audit's Charter	Generally Conforms
Provision 1.3 Support for Internal Audit	Generally Conforms
Principle 2: Positioning Internal Audit Independently	Generally Conforms
Provision 2.1 Organisational Independence	Partially Conforms
Provision 2.2 Qualifications of the CAE	Generally Conforms
Principle 3: Oversight of Internal Audit	Generally Conforms
Provision 3.1 Audit Committee Interaction	Generally Conforms
Provision 3.2 Resources	Generally Conforms
Provision 3.3 Quality	Generally Conforms
Provision 3.4 External Quality Assessment	Generally Conforms

The table below shows the Internal Audit Function's level of conformance to UK Application Note – Global Internal Audit Standards in the UK Public Sector

Overall Conclusion	Generally Conforms
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5. Domain I – Purpose of Internal Auditing

The purpose statement is intended to assist internal auditors and internal audit stakeholders in understanding and articulating the value of internal auditing.

Internal auditing must independently provide assurance, advice, insight, and foresight to the board and management to strengthen the organisation's ability to create, protect, and sustain value.

Domain 1 conclusions build on findings from work assessing quality assurance across the Standards. We reviewed against the requirements of the Domains, the Code and the Application Note and found that there were no significant omissions against GIAS in the UK public sector.

Our EQA survey (Section 12), combined with the interviews with those charged with governance at RMBC, internal audits own post audit feedback returns and our fieldwork contribute to evidence that the internal audit function enhances the organisation's achievement of its objectives, governance, risk management, and control processes, decision-making and oversight and maintains reputation and credibility with its stakeholders, and ability to serve the public interest.

We also found that the work is performed by qualified, experienced, objective and competent professionals and is independently positioned with direct accountability to the board.

On this basis we concluded that the internal audit function generally conforms to this Domain.

6 Domain II – Ethics and Professionalism

(This domain contains five Principles and thirteen Standards)

6.1 Principle 1 – Demonstrate Integrity

Internal auditors must demonstrate integrity in their work and behaviour.

Overall, we concluded that the function Generally Conforms to Principle 1. Details for each standard are shown below.

Standard 1.1	Generally Conforms
Standard 1.2	Generally Conforms
Standard 1.3	Generally Conforms

Standard 1.1 – Honesty and Professional Courage

The internal audit function meets the standard of honesty and professional courage by the HIA and those charged with governance (e.g. the s151 officer) fostering and maintaining a principled culture amongst an already professional and experienced audit team. This is evidenced by mandatory ethical declarations, dedicated training on the main standards covering ethics and professionalism (Domain 2 of GIAS) and robust internal review processes. The internal audit team further shows professional courage by issuing challenging audit reports with “partial” and 'no assurance' opinions.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 1.2 – Organisation’s Ethical Expectations & Application Note 9A – Ethics and Standards in Public Life

Rotherham’s internal audit function actively meets and promotes the organisation's ethical expectations, fulfilling the requirement for a strong ethical culture. This is established by adherence to ethical declarations, Registers of Interest, the Staff Code of Conduct, and Financial Procurement Procedure Rules (FPPRs). The commitment extends to the Audit Charter, which mandates adherence to the Nolan Principles, ensuring internal auditors understand and apply core public life values. Furthermore, the Head of Internal Audit (HIA) reinforces this culture through governance procedures, actively considering ethics and ethics audits during planning, and conducting investigation reports, thereby enabling the reporting of conduct inconsistent with these expectations.

We reviewed against the requirements of this Standard and the Application Note and based on the evidence, concluded that the internal audit function generally conforms.

We found that additional annual refresher training in a number of ethical areas would be constructive. We have therefore raised the following advisory point for management:

Advisory Point 1

Implement mandatory annual refresher training encompassing Domain II ethics, Nolan's "The Seven Principles of Public Life", Freedom of Information legislation, annual Code of Conduct affirmation, and financial procurement rules.

Standard 1.3 – Legal and Ethical Behaviour

Rotherham's internal audit function upholds legal and ethical behaviour by ensuring the internal audit team abide by relevant laws and regulations. This compliance is documented through completed Ethics Declarations and ensuring the team are aware of the Code of Conduct and Financial Procurement Rules. The process ensures continuous adherence as regularity checks are explicitly incorporated into the audit process and the audit completion checklists. Should any legal or regulatory violations be identified, our quality assurance work confirms that incidents are formally reported within audit reports, such as investigation reports and are escalated to the individuals with the authority to take appropriate action.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

6.2 Principle 2 – Maintain Objectivity

Internal auditors maintain an impartial and unbiased attitude when performing internal audit services and making decisions.

Overall, we concluded that the function Generally Conforms to Principle 2. Details for each standard are shown below.

Standard 2.1	Generally Conforms
Standard 2.2	Generally Conforms
Standard 2.3	Generally Conforms

Standard 2.1 – Individual Objectivity

Individual objectivity is supported by mandatory ethics training for all internal audit team members, the completion of a Declaration of Interests form by each team member and holding of formal professional qualifications whose continuing professional requirements (CPD) normally include an ethics component which will cover objectivity and trainee programmes for those not qualified. This is augmented by informal on-the-job training and internal review processes.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 2.2 – Safeguarding Objectivity

The internal audit function safeguards objectivity through mandatory ethics training (covering Domain II of GIAS – Ethics and Professionalism), annual ethics and independence

declarations, and adherence to the Council’s Code of Conduct (including rules on gifts and hospitality) which is also referenced in the internal audit manual. Safeguards include the fact that there are no instances of assurance services being provided following performance of advisory services. Additionally, the Head of Internal Audit’s (HIA) whistleblowing role has a specific safeguard. Whistleblowing cases are discussed with the whistleblowing Officers who include the HIA, the Head of Legal, the HR Service Director and the Executive Director of Corporate Services (s151). The Head of Legal reports the whistleblowing cases to the Standards and Ethics Committee and the whistleblowing cases are also reported to the Statutory Officers Group on a quarterly basis. (This is considered further at 7.2.1). Objectivity checks are reinforced through regular team meetings and the requirements of the audit planning and completion checklist. We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 2.3 – Disclosing Impairments to Objectivity

The requirement for disclosing impairments to objectivity is formalised in the Audit Charter (sections 4.2 and 8.5). No specific examples of impairments were found during the review (including asking the question of the HIA and internal audit team), the established procedure dictates that impairments would be captured and reported. This is underpinned by the principled culture and review processes.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

6.3 Principle 3 – Demonstrate Competency

Internal auditors apply the knowledge, skills, and abilities to fulfil their roles and responsibilities successfully

Overall, we concluded that the function Generally Conforms to Principle 3. Details for each standard are shown below.

Standard 3.1	Generally Conforms
Standard 3.2	Generally Conforms

Standard 3.1 – Competency

Rotherham conforms with the mandate that the internal audit function collectively possesses the full range of competencies needed to perform all mandated services. Individual competency is systematically developed and assessed via one-to-ones, annual staff development plans (MYAP), regular six-monthly updates, and a formal competency assessment (the most recent being conducted towards the end of 2024/25), which directly informs the service’s training plan. All staff have qualifications in audit and/or accountancy with four staff having counter fraud qualifications. Where specialised skills are lacking (e.g., IT audit), assistance is procured from Salford. Competency is also enhanced through internal staff seeking specialist CPD both via their professional qualifications but also internally from work with Directorates.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 3.2 – Continuing Professional Development

The IA service has a Training and Development plan that generally aligns with business needs but we found it could benefit from more detail. This may be aided by clearly delineating the Training Plan from the Development Plan. The Head of Internal Audit supports continuing professional development (CPD) through shared knowledge sessions, such as fortnightly team meetings, and bite-size training. Additional training is also undertaken by staff as part of their CPD requirements. Although CPD logs are maintained, inconsistencies were noted, particularly for staff below Principal Auditor level, where recorded training did not always match courses delivered (e.g. root cause analysis). We consider that internal auditors adhere to the CPD requirement, but documentation of all training undertaken should be strengthened.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Action Point 1

We recommend strengthening internal auditors' mandatory recording and retention of all Continuing Professional Development (CPD) records to ensure the documentation comprehensively supports training undertaken.

We noted that the training and development plan looked good from a strategic development point of view but could be enhanced by making it more specific. We have raised the following advisory point for management consideration:

Advisory Point 2

To enhance actionable planning and responsiveness, the current training and development plan could be restructured into two distinct parts, clearly separating strategic long-term competency development from tactical, immediate training requirements, complete with specific deliverables and timelines.

6.4 Principle 4 – Exercise Due Professional Care

Internal auditors apply due professional care in planning and performing internal audit services.

Overall, we concluded that the function Generally Conforms to Principle 4. Details for each standard are shown below.

Standard 4.1	Generally Conforms
Standard 4.2	Generally Conforms
Standard 4.3	Generally Conforms

Standard 4.1 – Conformance with the GIAS in the UK Public Sector

The internal audit function and HIA have been committed to achieving full conformance with the Global Internal Audit Standards in the UK Public Sector and considering the recent introduction of GIAS have done a strong job of integrating the standards clearly into their processes and methodologies; including building into the internal audit manual and audit planning, fieldwork, completion and review processes. Training has been provided to staff, with further GIAS training scheduled for 2025-26. Audit methodologies align with the standards. The Audit Charter and Audit Mandate reflect GIAS principles, and audit reports utilise appropriate GIAS terminology.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 4.2 – Due Professional Care

The internal audit function exercises due professional care in planning and performing its services by thoroughly assessing all circumstances. This is demonstrated through the rigorous audit planning process, which systematically factors in risk assessment, the significance of issues (including potential errors and fraud) and appropriate timelines. The function consistently considers the adequacy and effectiveness of governance, risk management, and control processes, ensuring that the scope and timing of work are effective and aligned with the Council’s objectives, as documented in the audit manual and working papers.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 4.3 – Professional Scepticism

Rotherham’s internal auditors maintain professional scepticism; their audit services are characterized by an inquisitive attitude and critical assessment of information presented. This approach is underpinned by a highly experienced internal audit team. The success of this approach is tangibly demonstrated by the objective judgments reflected in audit outputs, including the issuance of challenging reports such as “Partial” and 'No Assurance' opinions. This helps to confirm that decisions are based on facts and logic rather than mere trust, thereby fulfilling the duty to inquire beyond the surface level of a given topic.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

6.5 Principle 5 – Maintain Confidentiality

Internal auditors use and protect information appropriately.

Overall, we concluded that the function Partially Conforms to Principle 5. Details for each standard are shown below.

Standard 5.1	Generally Conforms
Standard 5.2	Partially Conforms

Standard 5.1 – Use of Information

Internal auditors adhere strictly to policies, procedures, and laws regarding the use of information, reserving it solely for professional responsibilities. This strict adherence is supported by completed ethics declarations, the mandatory training undertaken by all staff in GDPR and Cyber Security, and annual declarations of independence, which helps to ensure that information is not leveraged for personal gain or in any manner detrimental to the organisation's legitimate and ethical objectives.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 5.2 – Protection of Information & Application Note 9B – Handling Information

The IA function maintains secure information handling practices internally: sensitive data is stored securely, with access restricted solely to auditors. Data disposal is performed annually and aligned with the Council's policies and procedures and the internal audit manual. Auditors receive mandatory Cyber Security and GDPR training. The HIA manages statutory disclosure obligations, handling FOI requests directly, and classifying audit committee reports as public or exempt in consultation with the S151 or Monitoring Officer.

We reviewed against the requirements of this Standard and the Application Note and based on the evidence, concluded that the internal audit function partially conforms.

This is due to finding that there is no SLA between Salford IT audit services and RMBC. It is unclear how third-party risk is managed in this circumstance with consequent potential legal and regulatory risks. Whilst we appreciate that Salford IT audit services are more than likely held to an equally high standard of account it leads to significant uncertainty in the event of a data breach or inappropriate conduct etc. We understand that the HIA is aware of the need for an SLA. We recommend that the lack of one is considered with the monitoring officer and risks are assessed with senior management and the board. We have raised the following point for management action:

Action Point 2

Establish a formal Service Level Agreement (SLA) between the authority and Salford IT audit services to mitigate potential legal and regulatory risks associated with third-party data protection and accountability. Senior management and the Monitoring Officer should evaluate the risks inherent in the current absence of an SLA, report findings to the board, and assess whether similar risk exposures exist across other authority contracts.

7. Domain III – Governing the Internal Audit Function – The Responsibilities of the Chief Audit Executive and the CIPFA Code on the Governance of Internal Audit

(The domain contains three Principles and nine Standards. See Section 10 for further explanation of the relationship of “the Code” to GIAS in the UKPS).

7.1 Principle 6 - Authorised by the Board and the Code Provision 1: Providing Authority for Internal Audit

The board establishes, approves, and supports the mandate of the internal audit function.

Overall, we concluded that the function Generally Conforms to Principle 6 and the Code’s Principle 1. Details for each standard and Provision are shown below.

Standard 6.1	Generally Conforms
Provision 1.1	Generally Conforms
Standard 6.2	Generally Conforms
Provision 1.2	Generally Conforms
Standard 6.3	Generally Conforms
Provision 1.3	Generally Conforms

Standard 6.1 – Individual Audit Mandate

Rotherham Council conforms by ensuring its internal audit mandate, which defines the function's authority, role, and responsibilities, is documented in the Internal Audit Charter. The mandate was discussed with senior management in February 2025 before Audit Committee (board) approval in March 2025. The scope is actively maintained; the Head of Internal Audit (HIA) reviews external assurance provider inputs by maintaining a "sources of assurance" document, demonstrating awareness of risk impact on internal audit scope. The Charter and Mandate documents are updated annually.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

We found that assurance mapping had not been formally recorded by the Council in an easily reviewable format potentially raising risks around the ability of those charged with governance to make assessment with regard to internal audit services required. Assurance mapping is important and assists internal audit with regard to internal audits coordination with other providers; however it is not an audit responsibility. This is an organisation wide

omission which should be corrected. We have raised the following point for management action:

Action Point 3

It is recommended that senior management strengthen assurance mapping. While this is not the responsibility of the internal audit function they can support, advise and contribute to this activity. Comprehensive assurance mapping should include both internal and external assurance providers, thereby facilitating improved coordination, avoiding duplication, and enabling the board and senior management to accurately determine the optimal scope and types of internal audit services required. CIPFA recently published Developing Effective Assurance Frameworks which may assist the council's approach.

Provision 1.1 – Internal Audit's Mandate

The findings for the Code Provision 1.1 are the same as those for Standard 6.1 above. However the Code recognises that the mandate comes from UK statutory authority (Accounts and Audit (England) Regulations 2015 and Section 151 of the Local Government Act 1972). This statutory backing forms the primary mandate.

We reviewed against the requirements of this provision and based on the evidence, concluded that senior management and the audit committee generally conforms.

Standard 6.2 – Internal Audit Charter

Rotherham Council conforms with Standard 6.2 by maintaining an Internal Audit Charter developed by the Head of Internal Audit (HIA) that formally documents the function's minimum requirements, including its purpose, commitment to the Global Internal Audit Standards (GIAS), and organisational reporting structure. The draft Charter was discussed with the Strategic Leadership Team (SLT) and officially approved by the audit committee (board) in March 2025, confirming it accurately reflects organisational understanding and expectations.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Provision 1.2 – Internal Audit's Charter

The findings for the Code Provision 1.2 are the same as those for Standard 6.2 above. However the Code ensures that the Audit Charter is anchored in the legal and governance context of the UK Public Sector including the mandate rooted in UK statutory authority and setting out administrative reporting arrangements and the reporting line to the audit committee (board).

We reviewed against the requirements of this Provision and based on the evidence, concluded that senior management and the audit committee generally conforms.

Standard 6.3 – Board and Senior Management Support

Support for the internal audit function comes from six annual meetings between the audit committee (board) and the Head of Internal Audit (HIA), which consistently include private sessions without senior management. The audit committee formally approves the audit plan, enquires about resource sufficiency, and senior management attend meetings when

challenging partial or no assurance audit reports are presented where the audit committee engage with senior management to support the internal audit function in its recommendations.

The HIA attends a quarterly statutory officers meeting (including the Chief Executive, S151 Officer, and Monitoring Officer) which fosters coordination and addresses any issues arising..

The HIA reports functionally to the board and administratively to the Strategic Director of Finance. The HIA sits at a senior management level.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

We noted that the participation of senior management and the HIA was not clearly documented up front in public-facing audit committee minutes and online records. We have therefore raised the following advisory point for management consideration:

Advisory Point 3

Enhance governance transparency by ensuring full attendance details, especially noting the participation of senior management and the head of internal audit, are clearly documented up front in public-facing audit committee minutes and online records. Failure to provide conspicuous evidence of senior leadership support risks undermining the perceived authority and gravity of the audit committee's oversight function.

Provision 1.3 – Support for Internal Audit

The findings for the Code Provision 1.3 are the same as those for Standard 6.3 above. The essential conditions within the standard sets the general context for board and senior management support while the Code specifies exact requirements:

- reporting Lines: Senior management must ensure the HIA's direct reporting line is no lower than a member of the senior management team
- demonstrable audit committee support and
- that the audit committee must meet at least annually with the HIA in sessions without senior management present.

These requirements are met as documented at 6.3 above.

We reviewed against the requirements of this Provision and based on the evidence, concluded that senior management and the audit committee generally conforms.

7.2 Principle 7 Positioned Independently and the Code Provision 2: Positioning Internal Audit Independently

The board establishes and protects the internal audit function's independence and qualifications.

Overall, we concluded that the function Partially Conforms to Principle 7. Details for each standard are shown below.

Standard 7.1	Partially Conforms
Provision 2.1	Partially Conforms
Standard 7.2	Generally Conforms
Provision 2.2	Generally Conforms

Standard 7.1 – Organisational Independence

Organisational independence of the internal audit function is confirmed annually via Section 3 of the Charter and Section 1.6 of the Annual Report. However, the HIA has roles as contributor to the Annual Governance Statement (AGS), responsibility for Anti-Fraud and Corruption (AFC) Policy and strategy, the AFC training provision and communications surrounding AFC and is also a Whistleblowing Officer. Additionally the HIA has on occasion, investigated some whistleblowing cases, on behalf of the Internal Audit Service. Without appropriate, agreed and documented safeguards these roles, except that with the AGS, are not in line with Standards and IIA or CIPFA guidance.

There are sufficient safeguards for the Annual Governance Statement (AGS) role as the Risk and Improvement Manager prepares the final AGS, although this could be more clearly documented in the Audit Charter.

AFC arrangements are part of management's system of internal control, whereas the HIA leads the function that must provide independent assurance on those arrangements. Without safeguards the HIA, when internal audit considers AFC arrangements would be concluding on their own decisions and more broadly confidence in governance arrangements may be weakened

The HIA's role as one of several Whistleblowing Officers would also not be considered appropriate without proper safeguards in place. The reason for this is similar to the AFC arrangements in that it leads to a dual role; on the one hand performing operational governance (handling, triaging and deciding investigations) and on the other providing assurance and reporting on the adequacy of whistleblowing and controls environments related to cases.

The Head of Internal Audit's (HIA) whistleblowing role with cases has a specific safeguard. Whistleblowing cases are discussed with the whistleblowing Officers who include the HIA, the Head of Legal, the HR Service Director and the Executive Director of Corporate Services (s151). The Head of Legal reports the whistleblowing cases to the Standards and Ethics Committee and the whistleblowing cases are also reported to the Statutory Officers Group on a quarterly basis. However, this should be clearly documented in the Audit Charter and in the Annual Report.

We think that the IA team as a result of being heavily involved in the AFC and whistleblowing process compromises its ability to give independent assurance on the matters under review.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function partially conforms. We have raised the following point for management action:

Action Point 4

(Std 7.1). The board and senior management should ensure implementation of clear, robust safeguards over the HIA's whistleblowing role and also the HIA's broader responsibilities for AFC. This should include prompt review of the HIA's responsibilities as the Whistleblowing

Officer and investigator for fraud and corruption cases, as combining these roles risks impairing independence and the perception of independence. Consideration should be given to implementing a separate, independent assurance mechanism specifically tasked with providing assurance over the HIA's involvement in the whistleblowing process and the HIA's wider AFC responsibilities. Safeguards must be in place where the HIA takes on additional roles and responsibilities and these must be properly documented and approved by the board and recorded clearly in the Audit Charter and Annual Report. The Internal Audit Standards Advisory Board issued a briefing on internal audit's role in counter fraud. (<https://www.iasab.org/archive-links/guidance-on-internal-audit%E2%80%99s-role-in-counter-fraud>) Although it has not yet been updated from PSIAS to the new standards, the principles remain the same. It may be helpful for the review.

Provision 2.1 - Organisational Independence

The findings for the Code Provision 2.1 are the same as those for Standard 7.1 above. This provision provides specific UK local government context and places the responsibility for establishing and safeguarding independence explicitly on senior management (on behalf of those charged with governance) and mandates active audit committee oversight of independence.

We reviewed against the requirements of this Provision and based on the evidence, concluded that senior management and the audit committee partially conforms due to the finding concerning the HIA's whistleblowing and counter-fraud roles under Action Point 4. Please see Standard 7.1, above, for further explanation.

Additionally, we raised an advisory point for management consideration:

The Code requires that the audit committee should provide feedback on the proposed job description and the performance evaluation of the chief audit executive (HIA) should include feedback from the chair of the audit committee. We found that this is being done but it was noted that these requirements were not included in the responsibilities listed in the audit committee Terms of Reference.

Advisory Point 4

To ensure the audit committee's official documentation aligns with best governance practice and the Code, update the audit committee Terms of Reference (TOR) to formally incorporate the committee's duties to provide feedback on the HIA's proposed job description and contribution, by the audit chair, to the annual performance evaluation of the HIA.

Standard 7.2 – Chief Audit Executive Qualifications & Application Note 10C – CAE Qualifications

The chief audit executive (CAE) is suitably qualified, possessing CCAB (CIPFA), MIIA, and Accredited Counter Fraud Specialist credentials. The CAE has over 20 years of local government audit experience and maintains their professional standards through completing annual CPD which includes training on GIAS and technological developments. Senior management ensures the CAE job description reflects the necessary high standards and qualifications required.

We reviewed against the requirements of this Standard and the Application Note and based on the evidence, concluded that the internal audit function generally conforms.

Provision 2.2 - Qualification of the chief audit executive

The findings for the Code Provision 2.2 are the same as those for Standard 7.2 above. This provision provides specific UK context including that the Application Note must be adhered to requiring that the (Chief Audit Executive (HIA) has suitable internal audit experience and specific qualifications relevant to the UK context.

We reviewed against the requirements of this Provision and based on the evidence, concluded that senior management and the audit committee function generally conforms.

7.3 Principle 8 Overseen by the Board and the Code

Provision 3: Oversight of Internal Audit

The board oversees the internal audit function to ensure the function's effectiveness.

Overall, we concluded that the function Generally Conforms to Principle 8. Details for each standard are shown below.

Standard 8.1	Generally Conforms
Provision 3.1	Generally Conforms
Standard 8.2	Generally Conforms
Provision 3.2	Generally Conforms
Standard 8.3	Generally Conforms
Provision 3.3	Generally Conforms
Standard 8.4	Generally Conforms
Provision 8.4	Generally Conforms

Standard 8.1 – Board Interaction

The internal audit function conforms by ensuring the Head of Internal Audit (HIA) consistently reports all necessary information to the board (audit committee) through the quarterly work plan including covering: the audit plan, budgeted audit days approval, independence status, and engagement results. The HIA routinely meets with audit committee members before meetings, and the Audit Charter formally establishes the required escalation routes, enabling the HIA to provide the board with facts and circumstances needed to intervene if unresolved disagreements arise with senior management concerning scope or findings.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Provision 3.1 – Audit Committee Interaction

The findings for the Code Provision 3.1 are the same as those for Standard 8.1 above. Whereas the Standard outlines that the CAE's (HIA) mandatory duty to provide the board

(audit committee) with all necessary information required for it to fulfil its oversight responsibilities this provision focuses on the active responsibilities and mechanisms the audit Committee must establish to ensure effective oversight. We found that the audit committee met its requirements to actively manage and use the information provided by the HIA to discharge its duties e.g. by agreeing the annual internal audit work plan and familiarising itself with the authority's assurance arrangements and approach to governance, risk management and internal control arrangements.

We reviewed against the requirements of this Provision and based on the evidence, concluded that senior management and the audit committee generally conforms.

Standard 8.2 – Resources

Resource management arrangements are documented in Section 10 of the Charter. The annual audit plan and budgeted audit days are presented to and approved by the board every March, with quarterly updates provided to the audit committee which are regularly discussed with the SLT. While the relatively small team size and challenges arising from succession planning pose risks, the HIA and s151 officer proactively address constraints, as budget allows, through targeted recruitment and developing internal audit team members. It is ensured that those charged with governance are informed of resource allocation and of the internal audit function's ability to fulfil its mandate.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Provision 3.2 – Resources

The findings for the Code Provision 3.2 are the same as those for Standard 8.2 above. The Standard focuses on the CAE (HIA) ensuring resources are available to meet the mandate with the Code focusing on those charged with governance (audit committee and senior management) to engage with the CAE (HIA) to ensure that the function is able to meet its mandate.

We reviewed against the requirements of this Provision and based on the evidence, concluded that senior management and the audit committee generally conforms.

We have raised an advisory point concerning the HIA regarding the building of resilience to IT audit in the internal audit function at Advisory Point 6. Please see 8.2.2 for further explanation.

Standard 8.3 – Quality

A Quality Assurance and Improvement Programme (QAIP) is established and renewed annually that includes both ongoing internal assessments and a planned external quality assessment (EQA). The QAIP covers conformance against GIAS and performance objectives. Senior management is involved in setting the performance objectives and the annual assessment of the HIA and internal audit function. Internal assessment results, including action plans, are reported quarterly to the audit committee (board) and senior management. The audit committee reviews the Head of Internal Audit's annual conclusions on governance, risk management, and control, effectively exercising oversight over internal audit quality.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Provision 3.3 – Quality

The findings for the Code Provision 3.3 are the same as those for Standard 8.3 above. Whilst the Standard outlines the need for a QAIP and mandates the reporting of its results by the CAE (HIA), the Provision mandates the audit committee's review of the HIA's assessments of conformance against GIAS, reviewing the HIA's annual report and assessing the effectiveness of internal audit.

We reviewed against the requirements of this Provision and based on the evidence, concluded that senior management and the audit committee generally conforms.

Standard 8.4 – External Quality Assessment & Application Note 10D – Selecting Independent Assessor

The selection process for the External Quality Assessment (EQA) was approved by the audit committee in March 2025, meeting the requirement for an assessment every five years. The chosen CIPFA assessor possesses the necessary qualifications outlined for a Chief Audit Executive and is familiar with the UK public sector context. The governance framework ensures the audit committee will receive the full EQA report and those charged with governance will oversee the resulting action plan via the QAIP.

We reviewed against the requirements of this Standard and the Application Note and based on the evidence, concluded that the internal audit function generally conforms.

Provision 3.4 – External Quality Assessment

The findings for the Code Provision 3.4 are the same as those for Standard 8.4 above. This is another example where the Standard places the focus of responsibility and implementation on the CAE with the Code emphasises the active management role of senior management and the board. The Code mandates that the Code must form part of an EQA of conformance to GIAS and that accountability for implementation lies with senior management.

We reviewed against the requirements of this Provision and based on the evidence, concluded that senior management and the audit committee generally conforms.

8 Domain IV – Managing the Internal Audit Function

(This domain contains three Principles and sixteen Standards)

8.1 Principle 9 Plan Strategically

The chief audit executive plans strategically to position the internal audit function to fulfil its mandate and achieve long-term success.

Overall, we concluded that the function Generally Conforms to Principle 9. Details for each standard are shown below.

Standard 9.1	Generally Conforms
Standard 9.2	Generally Conforms
Standard 9.3	Generally Conforms
Standard 9.4	Generally Conforms
Standard 9.5	Generally Conforms

Standard 9.1 – Understanding Governance, Risk Management and Control Processes & Application Note 9C – Value for Money

The Head of Internal Audit (HIA) maintains a thorough understanding of the Council's governance, risk, and control processes through: attendance at quarterly statutory officers meetings; review of the strategic risk register; review of RMBC policies and procedures; consideration and awareness of assurance mapping; business knowledge gained from the governance, risk management and control process work of the internal audit team and collaboration with the wider senior management team. This knowledge informs the comprehensive, risk-based audit plan. The value for money requirements of the application note are included in the Charter at Section 9.10 and are inherent in internal audit work, though the Head of Internal Audit recognizes the value of refresher training on VFM.

We reviewed against the requirements of this Standard and the Application Note and based on the evidence, concluded that the internal audit function generally conforms.

We noted that further VFM training would strengthen the IA teams ability to assist the local authority. This will assist with internal audits assessment of “the three E’s”:

- Economy - the resources used are available in due time, of appropriate quantity and quality and are at the best price
- Efficiency - getting the most output – in terms of quantity and quality – from our inputs. Or achieving the same output with less input
- Effectiveness - the extent to which objectives are met, and if this can be attributed to the output of the policy pursued

Risk management is one of the areas where the EQA survey (see Appendix 12) indicated that more could be done and VFM training will assist with enhancing risk based audit planning by better understanding financial sustainability and service delivery risks and by

providing further insightful recommendations. We have therefore raised the following advisory point for management

Advisory Point 5

Ensure annual training updates for internal auditors incorporate value for money (VFM) topics, ideally expanded to include comprehensive VFM audit methodology training.

Standard 9.2 – Internal Audit Strategy

The Internal Audit Strategy, defining the function's vision, strategic objectives and supporting strategic initiatives which was approved by the audit committee in September 2025. The strategy is aligned with the Council's objectives through HIA understanding of the business and discussion and agreement with the SLT. The strategy incorporates initiatives, including the Quality Assurance and Improvement Programme (QAIP), assisting with ongoing strategic delivery.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 9.3 – Methodologies

The Internal Audit function operates under a well-developed Internal Audit Manual that has been clearly updated to reflect the Global Internal Audit Standards (GIAS). This manual documents the systematic and disciplined methodology for conducting audits, managing the audit plan, coordinating assurance, and defining performance measures. The HIA supports conformance through regular internal training, development of training materials and bite-sized sessions on evolving audit practices.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 9.4 – Internal Audit Plan and Application Note 10B – Overall Conclusions and annual reporting

The internal audit plan for 2025/26 is based on an annual, documented risk assessment informed by the Corporate Risk Register and extensive input from Directorate Leadership Teams (DLTs) and the SLT. The plan specifies required human, financial, and technological resources (including outsourced IT specialists) and is dynamic, with any significant changes communicated and approved by the audit committee. This systematic planning explicitly supports the essential requirement of the Application Note for the HIA to provide an annual conclusion on the effectiveness of governance, risk management, and control

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 9.5 – Coordination and Reliance & Application Note 9.5 – The Role of Regulators

The Head of Internal Audit (HIA) coordinates actively with assurance providers by consulting relevant external reports (e.g. in the "sources of assurance" document) to minimise duplication and ensure comprehensive risk coverage in the audit plan and annual report. The HIA reports barriers to coordination (such as those related to external regulators like CQC and Ofsted) to the audit committee, thereby addressing the Application Note requirement to inform the board of any obstacles preventing effective cooperation with outside assurance bodies.

We reviewed against the requirements of this Standard and the Application Note and based on the evidence, concluded that the internal audit function generally conforms.

We have raised points for management action under Action Point 3 and Action Point 4 both relate to this Standard too but do not impact on the generally conforms conclusion.

8.2 Principle 10 Manage Resources

The chief audit executive manages resources to implement the internal audit function's strategy and achieve its plan and mandate.

Overall, we concluded that the function Generally Conforms to Principle 10. Details for each standard are shown below.

Standard 10.1	Generally Conforms
Standard 10.2	Generally Conforms
Standard 10.3	Generally Conforms

Standard 10.1 – Financial Resource Management & Application Note 10A - Resources

Resources are managed and budgeted based on the Internal Audit Strategy and Plan, with the budgeted audit days formally approved by the audit committee (board) in March 2025. The focus is currently on developing data analytics capabilities and ensuring resources are sufficient despite resource constraints related to succession planning and recruitment. The HIA proactively manages finances to ensure that financial resources are sufficient to cover the approved plan and is committed to regular communications on resource issues with the audit committee (board) e.g. quarterly updates, meeting the Application Note requirement for informing the board of resource sufficiency and constraints.

We reviewed against the requirements of this Standard and the Application Note and based on the evidence, concluded that the internal audit function generally conforms.

Standard 10.2 – Human Resources Management

The internal audit function's human resources model actively addresses the team's small size and ageing profile. Succession planning is included in the Audit Strategy, and arrangements to support resilience are being discussed with the S151 Officer. The Head of Internal Audit fosters staff competency through regular one-to-one supervision, training plans, and on-the-job mentoring by experienced auditors, ensuring the team collectively performs the annual plan effectively.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

We found that currently, quality assurance of the outsourced IT audit is provided by a member of the IA team who is qualified by experience and is currently working to a flexible retirement working pattern.. The internal audit function also have another auditor who although not qualified in IT audit, can undertake non-technical IT audits, for example on asset management/software licences.

We have therefore raised the following advisory point for management consideration:

Advisory Point 6

To strengthen resilience and internal capacity, evaluate and pursue training opportunities for a current internal audit staff member to obtain a relevant IT audit qualification (such as CISA or equivalent), thereby ensuring access to up-to-date expertise, ability to provide qualified quality assurance and review over the outsourced IT function and provide in-house insight within the internal audit team over the many challenges of technological change, such as IT AI governance.

Standard 10.3 – Technological Resources

The internal audit function's strategy and training plan are focused on using technology, particularly data analytics, to enhance efficiency. The team uses appropriate audit management software, and the audit budget for technology development (including training), included in the finance budget was approved by Cabinet / Full Council. The Head of Internal Audit actively communicates technology-related resource developments, for example data analytics and use of AI and raises other limitations, for example staffing constraints, see 10.2 above to the audit committee and SLT.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

8.3 Principle 11 Communicate Effectively

The chief audit executive guides the internal audit function to communicate effectively with its stakeholders.

Overall, we concluded that the function Generally Conforms to Principle 11. Details for each standard are shown below.

Standard 11.1	Generally Conforms
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Standard 11.2	Generally Conforms
Standard 11.3	Generally Conforms
Standard 11.4	Generally Conforms
Standard 11.5	Generally Conforms

Standard 11.1 – Building Relationships and Communicating with Stakeholders

The Head of Internal Audit (HIA) has strong relationships, evidenced by regular meetings with the audit committee, the Strategic Leadership Team (SLT) (quarterly), and quarterly engagement with statutory officers. Communication is both formal and informal, helping the HIA stay current with organisational risks and major developments. The HIA also engages with directorate leadership teams (DLTs) and uses the internal intranet site to promote the function's work. There is also engagement with external assessors as and when their reviews occur e.g. a recent Public Health peer review, by another authority.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 11.2 – Effective Communication

The internal audit function uses structured methodologies to ensure communications meet professional quality standards. This includes the use of formal audit reports for engagement results and periodic briefing notes. The function regularly solicits feedback through client post-audit surveys and annual feedback requests to Strategic Directors and Assistant Directors, confirming the effectiveness and timeliness of reporting.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 11.3 – Communicating Results & Application Note 10B – Overall Conclusions and Annual Reporting

Engagement results, including conclusions and themes, are communicated to the audit committee (board) and SLT periodically via quarterly update reports, ensuring transparency and timely dissemination. The HIA reviews and approves all draft and final engagement reports before issuance. The overall conclusion on governance, risk management, and control is documented in the Annual Report, explicitly linked to the QAIP assessment and approved by the HIA fulfilling the Application Note requirement.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 11.4 – Errors and Omissions

RMBC internal audit methodology include a protocol for managing errors and omissions; reports are subject to an agreement process with auditees. While no instances requiring correction subsequent to this agreement process have occurred, the established procedure dictates that reports would be promptly re-issued if a significant error or omission were discovered.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 11.5 – Communicating the Acceptance of Risks

The internal audit function maintains a methodology (detailed in Section 9 of the Audit Charter) for escalating risks when the Head of Internal Audit (HIA) believes management has accepted a risk exceeding the established tolerance. This process mandates discussion with management, followed by escalation to the Strategic Leadership Team, and finally, to the audit committee if the issue remains unresolved. The audit committee receives updates on all partial and no assurance reports, helping to provide oversight of risk acceptance.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

8.4 Principle 12 Enhance Quality

The chief audit executive is responsible for the internal audit function’s conformance with the Global Internal Audit Standards and continuous performance improvement.

Overall, we concluded that the function Generally Conforms to Principle 12. Details for each standard are shown below.

Standard 12.1	Generally Conforms
Standard 12.2	Generally Conforms
Standard 12.3	Generally Conforms

Standard 12.1 – Internal Quality Assessment

The internal audit function maintains a Quality Assurance and Improvement Programme (QAIP) that includes both ongoing monitoring and annual self-assessments against GIAS. The results of the internal assessments and the resulting action plans are reported quarterly to the audit committee and senior management, confirming the function’s ongoing conformance.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 12.2 – Performance Measurement

Performance objectives, key performance indicators (kpi), primarily focused on timeliness of report issuance and completion of audits, are reviewed by the audit committee and SLT at least annually. The results are reported quarterly. The Head of Internal Audit actively seeks feedback from stakeholders (including the audit committee and SLT) via annual feedback requests and post-audit surveys to guide continuous improvement efforts.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

We found that key performance indicators (kpi) and more general performance reporting (e.g. QAIP, Post Audit Questionnaires, Review processes etc) are in place. We discussed with the HIA that the specific kpi metrics could potentially be strengthened. It is considered best practice to have a balanced set of kpi's across: Delivery (which is where RMBC currently have their kpi's), Quality and conformance and Value for Money (process efficiency, cost savings). However we note that, due to constrained resources for internal audit functions in the public sector, only having delivery metrics is not uncommon.

If new kpi's are adopted, they should be stretching but pragmatic given pressures on the relatively small IA team. Consideration could be given to further kpi's in Quality / Conformance e.g. client satisfaction / post audit questionnaires are a common kpi across local authorities. We recognise that the internal audit function already consistently score highly and consideration may therefore need to be given to putting more stretching questions in post audit questionnaire e.g. around the specifics of cost savings or process efficiencies. There are many potential kpi's that could be used to drive improvements and aid with monitoring; this depends how those charged with governance want to focus internal audit function performance. We have identified some common kpi's above and have raised the following advisory point for management consideration:

Advisory Point 7

The HIA, collaborating with the audit committee and senior management could conduct a strategic review to strengthen the internal audit function's key performance indicators metrics, moving beyond solely Delivery metrics to adopt an approach incorporating Quality and Conformance, and Value for Money (VFM) metrics. A more limited review could incorporate seeing how the internal audit function's current post audit questionnaires could be developed to bolster delivery kpi metrics. These updated kpi's should be sufficiently challenging yet pragmatic, aligning with the strategic focus areas defined by those charged with governance to effectively monitor the function's performance and continuous improvement.

Standard 12.3 – Oversee and Improve Engagement Performance

The Head of Internal Audit (HIA) delegates continuous monitoring and quality assurance primarily to Principal Auditors, due to the high proficiency and experience of the internal audit team. The HIA retains ultimate accountability and performs a second-stage review of all audits via an approvals process, ensuring that engagements conform to GIAS and supporting documentation is retained on the audit software system.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

9 Domain V – Performing Internal Audit services

(This domain contains three Principles and fourteen Standards)

9.1 Principle 13 Communicate Effectively

Internal auditors plan each engagement using a systematic, disciplined approach.

Overall, we concluded that the function Generally Conforms to Principle 13. Details for each standard are shown below.

Standard 13.1	Generally Conforms
Standard 13.2	Generally Conforms
Standard 13.3	Generally Conforms
Standard 13.4	Partially Conforms
Standard 13.5	Generally Conforms
Standard 13.6	Generally Conforms

Standard 13.1 – Engagement Communication

Internal auditors maintain continuous and effective communication with management throughout engagements, confirming objectives and scope. A methodology is established (per the Audit Charter) and also referenced in the internal audit manual (IAM - 11.5.3) to manage disagreements, ensuring both parties' rationale is documented if a mutual understanding cannot be reached on engagement results, preventing inappropriate changes to the conclusions

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 13.2 – Engagement Risk Assessment

The process begins with an Engagement Risk Assessment conducted during the scoping phase, informed by research briefs, risk registers, and discussions with the Head of Internal Audit (HIA) and senior management. This ensures that potentially significant risks, including fraud, are identified and prioritised.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

It was noted that the Engagement Brief risk assessment could give more consideration to documenting risks, making them more specific and that the new brief could make risk more explicit in the sections marked cumulative knowledge and research. There is more that could be done to document the specific risks relating to fraud and developing evaluation and prioritisation of risks although to some extent this is implicit in the extracts from the risk

register. Whilst we believe risk is sufficiently documented there is scope to improve documentation of risk in line with GIAS requirements above.

We also noted that the audit work programmes clearly show the team are identifying criteria. Under GIAS there is a requirement to document this at the planning stage as part of the engagement risk assessment. We considered this could be more fully recorded.

We have therefore raised the following advisory points for management consideration:

Advisory Point 8

It is suggested that the new Engagement Assessment brief makes noting risk more explicit in the sections marked cumulative knowledge and research. Risks are documented but there could be more depth with regard to documenting specific risks relating to fraud and developing evaluation and prioritisation of risks.

Advisory Point 9

The audit work programmes clearly show the team are identifying criteria, under GIAS there is a requirement to document this at the planning stage as part of the engagement risk assessment. The new Engagement Brief should be strengthened to include an analysis of all the criteria used to measure whether the entity is achieving its objectives. This would enhance the risk assessment. This should be considered in tandem with Action Point 6 at Standard 13.4 below.

Standard 13.3 – Engagement Objectives and Scope

Engagement objectives and scope are formally documented in the Audit Briefs and approved by the Head of Internal Audit (HIA), confirming whether services are assurance or advisory. A robust methodology detailed in the Internal Audit Manual (IAM - 2.3.3.7) ensures that the HIA escalates unresolved scope limitations to the board.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 13.4 – Evaluation Criteria

RMBC internal auditors generally assess and use appropriate criteria (policies, regulations) to evaluate activity effectiveness. The concept of VFM (economy, efficiency, effectiveness) is integral to the function's work and expected by the Application Note we found that VFM consideration for evaluation criteria should be more fully documented in the research and briefing / scope documentation; based on this evidence we have concluded that the internal audit function partially conforms.

We have therefore raised the following point for management action:

Action Point 5

We suggest including explicit Value for Money (VFM) considerations for evaluation criteria within all new internal audit briefs and scopes.

Standard 13.5 – Engagement Resources

The audit engagement team identifies resource needs (time, budget (audit days), expertise) during the briefing stage, which is reviewed by the Principal Auditors and the Head of Internal Audit. Resources (including budgeted audit day allocations) are managed flexibly, with budgets adjusted if the scope widens due to issues identified during testing. This process ensures resources are appropriate and sufficient to achieve objectives within the allotted time frame. Any concerns regarding inadequate resources are formally documented and discussed with the Head of Internal Audit.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 13.6 – Work Programme

A formal engagement work programme is developed, documented in the audit software, and must include criteria, tasks, methodology, and assigned auditors. The requirement for the Head of Internal Audit to formally approve every work programme is currently delegated to Principal Auditors, the process ensures systematic work programme planning and is considered adequate to meet the standard.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

9.2 Principle 14 Conduct Engagement Work

Internal auditors implement the engagement work program to achieve the engagement objectives.

Overall, we concluded that the function Generally Conforms to Principle 14. Details for each standard are shown below.

Standard 14.1	Generally Conforms
Standard 14.2	Generally Conforms
Standard 14.3	Generally Conforms
Standard 14.4	Generally Conforms
Standard 14.5	Generally Conforms
Standard 14.6	Generally Conforms

Standard 14.1 – Gathering Information for Analyses and Evaluation

Internal auditors utilise appropriate documented procedures and supervisory reviews to ensure that gathered information (evidence) is relevant, reliable, and sufficient to support engagement findings and conclusions.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 14.2 – Analyses and Potential Engagement Findings

Analysis compares the actual condition of the activity under review against the established evaluation criteria, identifying any differences as potential findings. Auditors diligently gather evidence to support conclusions, and procedures are in place for approving adjustments to the work programme should further analysis be required. Due professional care is exercised to ensure sufficient evidence supports findings, and conversely, positive assurance is provided in the engagement conclusion when no deficiencies are identified.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 14.3 – Evaluation of Findings

Findings are rigorously evaluated to determine their significance, likelihood, and impact on governance and control, collaborating with management to identify root causes. Findings are consistently prioritised (High/Medium/Low) using established methodologies to assist management in planning corrective action.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

We found that likelihood and impact of risks could be identified more explicitly in the body of the audit report and/or risk column in the report action plan. This would probably be best achieved by using a matrix for likelihood/impact in the style of a risk register or audit management software as the HIA has suggested.

Advisory Point 10

To enhance management's clarity in prioritising remedial actions, modify audit reports or action plans to explicitly document the likelihood and impact of identified risks, adopting a structured approach, maybe using a scoring matrix or incorporating functionality from audit management software

Standard 14.4 – Recommendations and Action Plans

Internal auditors develop recommendations and agree on action plans with management to mitigate risks and address root causes. The Audit Charter documents the methodology for resolving disagreements should management challenge the proposed actions.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 14.5 – Engagement Conclusions

Our sample of final audit reports all included a clear professional conclusion, summarizing engagement results against objectives and addressing the overall significance of findings in relation to the effectiveness of governance, risk management, and control processes.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 14.6 – Engagement Documentation

Engagement documentation (workpapers) is subject to first-stage review by the supervisor and second-stage review by the Head of Internal Audit (HIA) to ensure accuracy and completeness. The documentation is sufficient for a competent third party to replicate the work and derive the same results. Documentation undergoes rigorous review by the engagement supervisor and Head of Internal Audit and is retained in line with established retention policies.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

9.3 Principle 15 Communicate Effectively

Internal auditors communicate the engagement results to the appropriate parties and monitor management’s progress toward the implementation of recommendations or action plans.

Overall, we concluded that the function Generally Conforms to Principle 11. Details for each standard are shown below.

Standard 15.1	Generally Conforms
Standard 15.2	Generally Conforms

Standard 15.1 – Final Engagement Communication

The Head of Internal Audit (HIA) formally reviews and approves all final engagement communications before dissemination. These communications clearly outline objectives, scope, prioritized findings, recommendations, and a conclusion regarding the effectiveness of controls. The reports explicitly specify responsible officers and planned completion dates for action, ensuring accountability.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

Standard 15.2– Confirming the Implementation of Recommendations or Action Plans

Management actions stemming from audits are monitored using an automated tracking system. This process includes performing risk-based follow-up assessments whereby follow-up audits are mandated for reports with Partial or No Assurance opinions (within approximately six months). If actions are deferred twice, the issue is escalated to the Chief

Executive, which has led to compliance with implementing agreed actions in a timely fashion.

We reviewed against the requirements of this Standard and based on the evidence, concluded that the internal audit function generally conforms.

10. CIPFA Code on the Governance of Internal Audit

10.1 Background

CIPFA has developed the Code of Practice for the Governance of Internal Audit in UK Local Government (the Code) to support authorities in establishing their internal audit arrangements and providing oversight and support for internal audit. The Code is designed to work alongside new internal audit standards. It is aimed at those responsible for ensuring effective governance arrangements for internal audit.

Global Internal Audit Standards include 'essential conditions' for the governance of internal audit. These conditions are needed to allow effective internal audit practice and for internal auditors to conform with GIAS in the UK public sector.

The Code meets the objectives of the essential conditions, by providing for the necessary governance of internal audit, but in a way that is appropriate for UK local government bodies. It includes roles and responsibilities of the audit committee, senior management and those charged with governance towards internal audit.

10.2 Assessment

Domain III – Governing the internal audit function – The Responsibilities of the Chief Audit (CAE) and the Code map line up at the level of the subject matter covered, the first considers the requirements of the Standards from the chief audit executive's Perspective with the Code considering the same subjects from those charged with governance i.e. the board (audit committee) and senior management.

While the perspective of the requirements is from the view of those charged with governance, as these are covering the same subjects as Domain III (from the perspective of the CAE) the topics covered are the same and findings can be similar.

11. UK Application Note – Global Internal Audit Standards

11.1 Background

This document provides a framework for the practice of internal audit in the UK public sector when taken together with the Global Internal Audit Standards (GIAS) issued by the Institute of Internal Auditors (IIA). It sets out interpretations and requirements which need to be applied to the GIAS requirements, in order that these form a suitable basis for internal audit practice in the UK public sector.

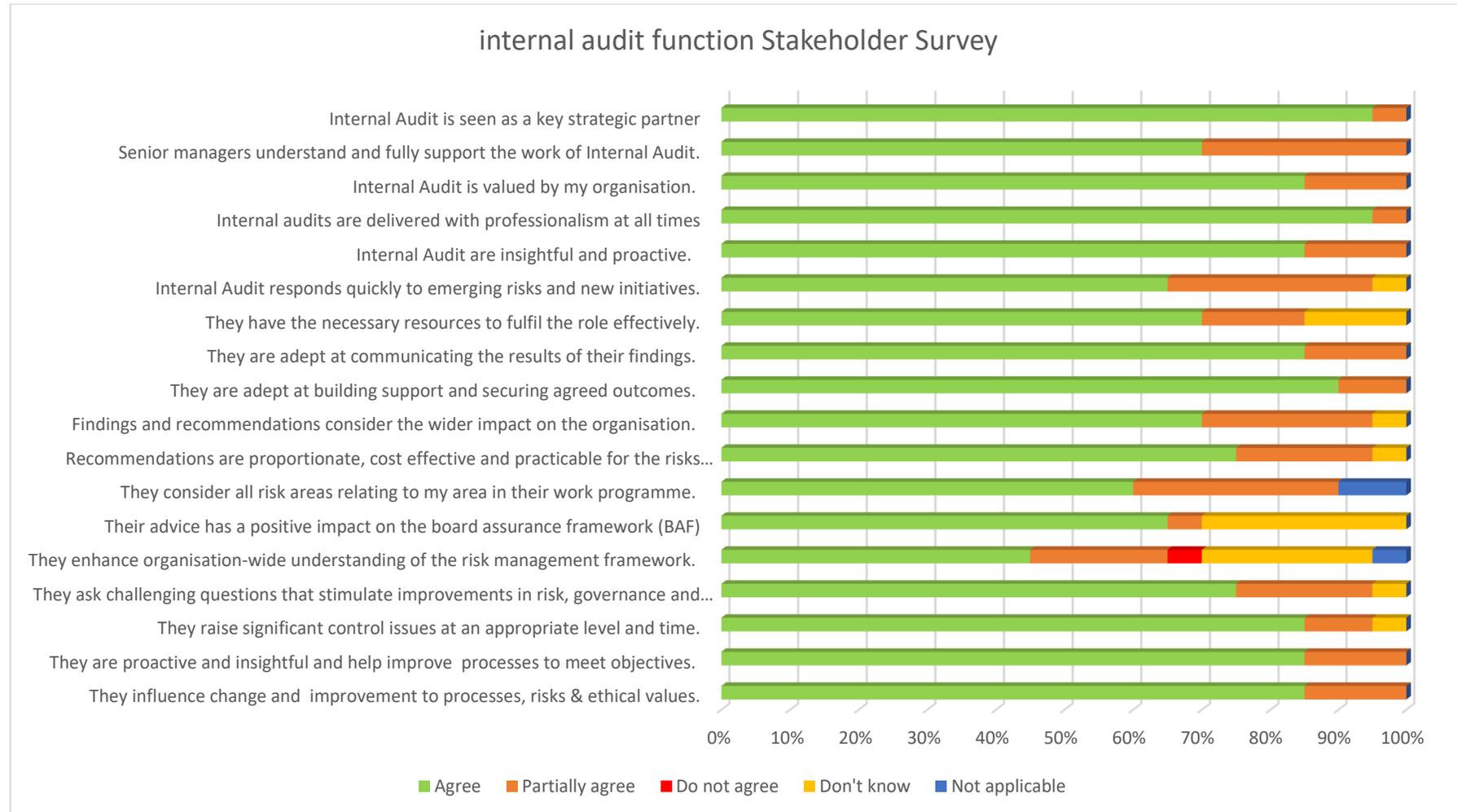
The Application Note therefore provides UK public sector-specific context, interpretations of GIAS requirements in the specific circumstances expected to apply across the UK public sector and some additional requirements which the RIASS consider essential for the practice of internal audit in the UK public sector.

11.2 Assessment

The Application Note by its nature covers the same subject matter as GIAS and the Code but with specific UK modifications. We therefore report where we have specific findings that differ from those under GIAS and the Code.

12. Survey Results

(Based on twenty responses)



13. Issues for Management Action and Consideration

13.1 From our full assessment review of the internal audit function we have identified a number of issues that the Rotherham Metropolitan Borough Council internal audit function need to address, and these are all set out in the table below:

Issues for management action	Priority
<p>Action Point 2</p> <p>(Std 5.2) Establish a formal Service Level Agreement (SLA) between the authority and Salford IT audit services to mitigate potential legal and regulatory risks associated with third-party data protection and accountability. Senior management and the Monitoring Officer should evaluate the risks inherent in the current absence of an SLA, report findings to the board, and assess whether similar risk exposures exist across other authority contracts.</p>	High
<p>Action Point 4</p> <p>(Std 7.1). The board and senior management should ensure implementation of clear, robust safeguards over the HIA's whistleblowing and also the HIA's broader responsibilities for AFC. This should include prompt review of the HIA's dual responsibilities as the Whistleblowing Officer and investigator for fraud and corruption cases, as combining these roles risks impairing independence. Consideration should be given to implementing a separate, independent assurance mechanism specifically tasked with providing assurance over the HIA's involvement in the whistleblowing process and the HIA's wider AFC responsibilities.</p>	High
<p>Action Point 3</p> <p>(Std 6.1) It is recommended that senior management strengthen assurance mapping; whilst this is not the responsibility of the internal audit function they can support, advise and contribute to this activity. Comprehensive assurance mapping should include both internal and external assurance providers, thereby facilitating improved coordination, avoiding duplication, and enabling the board and senior management to accurately determine the optimal scope and types of internal audit services required.</p>	Medium
<p>Action Point 5</p> <p>(Std 13.4) We suggest including explicit Value for Money (VFM) considerations for evaluation criteria within all new internal audit research, briefing, and scope documentation.</p>	Low

Issues for management action	Priority
<p>Action Point 1</p> <p>(Std 3.2) We recommend strengthening internal auditors' mandatory recording and retention of all Continuing Professional Development (CPD) records to ensure the documentation comprehensively supports training undertaken.</p>	<p>Low</p>
<p>Advisory Point 1</p> <p>(Std 1.2) Implement mandatory annual refresher training encompassing Domain II ethics, the Nolan Principles, FOI legislation, annual Code of Conduct affirmation, and financial procurement rules.</p>	<p>Advisory</p>
<p>Advisory Point 2</p> <p>(Std 3.2) To enhance actionable planning and responsiveness, the current Training and Development Plan could be restructured into two distinct parts, clearly separating strategic long-term competency development from tactical, immediate training requirements, complete with specific deliverables and timelines.</p>	<p>Advisory</p>
<p>Advisory Point 3</p> <p>(Std 6.3) Enhance governance transparency by ensuring full attendance details, especially noting the participation of senior management and the head of internal audit, are clearly documented up front in public-facing audit committee minutes and online records. Failure to provide conspicuous evidence of senior leadership support risks undermining the perceived authority and gravity of the audit committee's oversight function.</p>	<p>Advisory</p>
<p>Advisory Point 10</p> <p>(Std 14.3) To enhance management's clarity in prioritizing remedial actions, modify audit reports or action plans to explicitly document the likelihood and impact of identified risks, adopting a structured approach, maybe using a scoring matrix or incorporating functionality from audit management software.</p>	<p>Advisory</p>
<p>Advisory Point 5</p> <p>(Std 9.1) Ensure annual training updates for internal auditors incorporate value for money (VFM) topics, ideally expanded to include comprehensive VFM audit methodology training.</p>	<p>Advisory</p>

Issues for management action	Priority
<p>Advisory Point 6</p> <p>(Std 10.2) To strengthen resilience and internal capacity, evaluate and pursue training opportunities for a current internal audit staff member to obtain a relevant IT audit qualification (such as CISA or equivalent), thereby ensuring access to up-to-date expertise, ability to provide qualified quality assurance and review over the outsourced IT function and provide in-house insight within the internal audit team over the many challenges of technological change, such as IT AI governance.</p>	<p>Advisory</p>
<p>Advisory Point 7</p> <p>(Std 12.2) The HIA, collaborating with the audit committee and senior management should consider conducting a strategic review to strengthen the internal audit function's Key Performance Indicators (kpi's) metrics, moving beyond solely Delivery metrics to adopt a balanced scorecard approach incorporating Quality and Conformance, and Value for Money (VFM). These updated kpi's should be sufficiently challenging yet pragmatic, aligning with the strategic focus areas defined by those charged with governance to effectively monitor the function's performance and continuous improvement.</p>	<p>Advisory</p>
<p>Advisory Point 8</p> <p>(Std 13.2) It is suggested that the new Engagement Assessment brief makes noting risk more explicit in the sections marked cumulative knowledge and research. There is more that could be done to document the specific risks relating to fraud and developing evaluation and prioritisation of risks.</p>	<p>Advisory</p>
<p>Advisory Point 4</p> <p>(Code 2.1) To ensure the audit committee's official documentation aligns with best governance practice and the Code, update the audit committee Terms of Reference (TOR) to formally incorporate the committee's duties to provide feedback on the HIA's proposed job description and contribution, by the Audit Chair, to the annual performance evaluation of the HIA.</p>	<p>Advisory</p>
<p>Advisory Point 9</p> <p>(Std 13.2) The audit work programmes clearly show the team are identifying criteria, under GIAS there is a requirement to document this at the planning stage as part of the engagement risk assessment. The new Engagement Brief</p>	<p>Advisory</p>

Issues for management action	Priority
could be strengthened to analyse this out with a complete list, reviewed and assessed of all criteria used to measure whether the entity is achieving its objectives to enhance risk assessment	

The co-operation of Rotherham Metropolitan Borough Council's head of internal audit and team in providing the information requested for the EQA and the efficiency with which this was done is greatly appreciated. Our thanks go to the Rotherham Metropolitan Borough Council's Audit and Governance Committee Chair and the key stakeholders that made themselves available for interview during the EQA.

Consultant name: Sean Titley

Date: 29th January 2026

14. Definitions for the Overall Conclusion

Level of Conformity	Description	Commentary
Generally conforms	<p>Across all Domains, the internal audit function conforms with the standards with only minor deviations.</p> <p>The relevant structures, policies and procedures of the internal audit service, as well as the processes by which they are applied, meet the requirements of the individual standards.</p> <p>Overall, there is general conformance to the Global Internal Audit Standards in the UK Public Sector.</p>	<p>An internal audit function that generally conforms to the Global Internal Audit Standards in the UK Public Sector provides a high level of assurance to senior management and the audit committee of a highly professional service. Quality and professionalism are firmly embedded within the function.</p> <p>This conclusion evidences that internal audit is effective for the authority's annual governance statement. (Applicable for local government bodies only.)</p>
Partially conforms	<p>The internal audit function is endeavouring to deliver an effective service; however, they are falling short of achieving some of their objectives and/or generally conforming to the standards and elements of the Code of Practice and UK Application Note. There will usually be significant opportunities to improve the delivery of effective internal audit and enhance conformance.</p> <p>The internal audit function may be aware of some of these opportunities and the areas they need to develop. Some identified deficiencies may be beyond the full control of internal audit and may result in actions for senior management or the board of the organisation to address.</p>	<p>An internal audit function that partially conforms to the Global Internal Audit Standards in the UK Public Sector provides assurance to senior management and the audit committee of a professional service in some areas but not all. Further work is needed to embed quality and professionalism within the function.</p> <p>This conclusion does not provide sufficient evidence that internal audit as a core arrangement is fully in place and improvement actions should be highlighted in the authority's annual governance statement. (Applicable for local government bodies only.)</p>
Does not conform	<p>The internal audit service is failing to achieve a significant number of the individual standards, elements of the Code of Practice and UK Application Note. These deficiencies will usually have a significant adverse impact on internal audit's effectiveness and its potential to add value. There are significant opportunities for improvement to internal audit.</p> <p>Some identified deficiencies may be beyond the full control of internal audit and may result in recommendations to senior management or the board of the organisation.</p>	<p>Where internal audit function does not conform to the Global Internal Audit Standards in the UK Public Sector, senior management and the audit committee do not have assurance of a professional service. Significant work is needed to embed quality and professionalism within the function.</p> <p>This conclusion does not provide sufficient evidence that internal audit as a core arrangement is fully in place and improvement actions should be highlighted in the authority's annual governance statement. (Applicable for local government bodies only.)</p>

Action Priorities	Criteria
High priority	The internal audit function needs to rectify a significant issue of non-conformance with the standards. Remedial action to resolve the issue should be taken urgently.
Medium priority	The internal audit function needs to rectify a moderate issue of conformance with the standards. Remedial action to resolve the issue should be taken, ideally within a reasonable time scale, for example six months.
Low priority	The internal audit function should consider rectifying a minor issue of conformance with the standards. Remedial action to resolve the issue should be considered but the issue is not urgent.
Advisory	These are issues identified during the course of the EQA that do not adversely impact the service's conformance with the standards. Typically, they include areas of enhancement to existing operations and the adoption of best practice.

15. Disclaimer

This report has been prepared by CIPFA at the request of Rotherham Metropolitan Borough Council, and the terms for the preparation and scope of the report have been agreed with them. The matters raised are only those that came to our attention during our work. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, we have only been able to base findings on the information and documentation provided to us. Consequently, no complete guarantee can be given that this report is necessarily a comprehensive statement of all the issues that exist with their conformance to the Global Internal Auditing Standards in the UK Public Sector that exist, or of all the improvements that may be required.

The report was prepared solely for the use and benefit of Rotherham Metropolitan Borough Council and the Internal Audit Function's client's, and to the fullest extent permitted by law, CIPFA accepts no responsibility and disclaims all liability to any other third party who purports to use or rely, for any reason whatsoever on the report, its contents, conclusions, any extract, and/or reinterpretation of its contents. Accordingly, any reliance placed on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.