

Risk	Risk in detail	Comment on RMBC's approach / any actions required
<b>1. Financial Reporting</b>	Do financial reports present financial information in a way that: <ul style="list-style-type: none"> <li>• Is easy to understand</li> <li>• Links financial and performance information</li> <li>• Demonstrates the impact of decisions on outcomes and service delivery</li> </ul>	Financial reports provide important information succinctly. The reports have been developed over time to meet the needs of the readers (eg decision makers, scrutiny etc).  Financial and performance information is linked in various ways: <ul style="list-style-type: none"> <li>• Budget setting takes into account the impact on services of budget decisions</li> <li>• The Medium Term Financial Strategy reflects known significant changes</li> <li>• Performance reports indicate where resourcing has affected performance.</li> </ul>
	Is financial reporting forward looking or does it focus heavily on historical analysis of variances against budget.	<ul style="list-style-type: none"> <li>• MTFS budget reports project 3 years ahead.</li> <li>• Regular budget monitoring reports show the full year effect of current year activity.</li> <li>• The Council's financial system provides for commitment accounting and profiling of expenditure, and these are used to make predictions on future spend.</li> </ul>
<b>2. Public Interest Reports</b>	Are Members aware of the 2 high profile PIR issued by KPMG in last 12 months ?	Information on topical issues is provided to the Audit Committee as required. Issues included in recent public interest reports to principal authorities were not regarded as high level risks at Rotherham.  <b>However, it is agreed that summaries of appropriate Public Interest Reports should be presented to the Audit Committee along with confirmation of arrangements in place at the Council in the areas covered by the reports.</b>
	Does Audit Committee receive regular assurances in respect of:	Each year Internal Audit's programme of work considers the extent to which audit work should focus on each of the areas listed by KPMG. Actual work carried out is done so on the basis of Internal Audit's assessment of risk in each of the areas.  The Annual Governance Statement (AGS) summarises the assurance available each year on the operation of the Council's control arrangements, including internal audit coverage as appropriate. The AGS is reviewed twice each year by the Audit Committee; at draft and final stages.

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	<ul style="list-style-type: none"> <li>• Risk management arrangements</li>   <li>• Declarations of Interest / hospitality</li>   <li>• Complying with procurement rules</li>   <li>• Delivering Internal Audit</li>   <li>• Responding to Whistle-Blowing</li>   <li>• Value for Money including financial and contract management arrangements</li> </ul>	<p>In relation to risk management the Audit Committee:</p> <ul style="list-style-type: none"> <li>• receives and considers regular reports on the corporate risk register</li> <li>• enquires about specific risks and the application of risk management arrangements within directorates.</li> <li>• receives and considers the annual review of risk management performance</li> <li>• periodically reviews and approves the Council's risk management policy.</li> </ul> <ul style="list-style-type: none"> <li>• Any weaknesses in arrangements are reported by Internal Audit and considered by the Audit Committee.</li>   <li>• Any weaknesses in arrangements are reported by Internal Audit and considered by the Audit Committee</li>   <li>• Regular reports are presented to the Audit Committee on Internal Audit's performance and its coverage</li>   <li>• Reports are presented to the Standards Committee covering whistleblowing cases</li>   <li>• VFM and contract management arrangements are subject to Internal Audit work on a risk basis. Internal Audit work is reported to the Audit Committee on a regular basis.</li> </ul> <p><b>Reports on whistleblowing cases could be forwarded to the Audit Committee where they involve issues relating to the Committee's Terms of Reference.</b></p>
	<p>What arrangements are in place to prevent management override of key controls?</p>	<p>The Council's system developments aim to incorporate controls to secure separation of duties and minimise the risk of management override wherever possible.</p> <p>Internal Audit's programme of work takes into account risks where systems do / do not have strong / automated controls in place. Subsequent audit work seeks to identify the</p>

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		controls management can rely on for minimising identified risks, and to improve controls where they are perceived to be inadequate in this respect.
<b>3. Welfare Reforms – Universal Credit</b>	<p>The Universal credit has merged six benefits – housing benefit, jobseeker's allowance, income support, child tax credit, working tax credit and employment support allowance – into one monthly payment.</p> <p>Is the Council adequately prepared for its introduction.</p>	<p>The impact of Welfare Reforms is the 2<sup>nd</sup> highest rated risk on the Council's risk register. There is a Members &amp; officers steering group overseeing all developments in relation to the reforms. Specific task groups are established as required to address particular issues.</p> <p>Specific reports and presentations have been delivered to the Audit Committee on welfare reforms.</p> <p>All arrangements have so far been implemented successfully locally.</p> <p>There is an implementation plan in place specifically relating to the introduction of the Universal Credit.</p>
<b>4. Council Tax Benefit Localisation</b>	<p>How is the implementation of the new scheme being monitored?</p> <ul style="list-style-type: none"> <li>• Is there an increased backlog?</li> <li>• Are there increased complaints?</li> <li>• IA findings?</li> </ul>	<p>As per above. Council Tax localisation is part of the Welfare Reform programme management.</p>
	<p>Impact on the financial position / standing.</p> <ul style="list-style-type: none"> <li>• Have Council tax arrears increased ? What are the costs of collecting these sometimes small amounts [court costs, officer time]</li> <li>• If we were funding some of the part from reserves, is this as anticipated or has there been pressures.</li> <li>• Has the additional powers to raise Council Tax been effective? What are the collection</li> </ul>	<p>Reports submitted to Cabinet on the Council Tax Reduction Scheme covered these issues.</p> <p>Experience is being monitored and taken into account in budget predictions / setting, and in relation to the impact on individuals.</p> <p>The Council maintained a high collection rate in 2012/13 but is aware of increasing arrears issues.</p>

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	rates? Is it costing more to collect than you are collecting?	
<b>5.</b> <b>Fraud risk</b>		
Governance and the role of the Audit Committee	<p>Who has primary responsibility for the management of fraud risks within RMBC?</p> <p>Who provides oversight and holds the executives / Officers to account?</p> <p>What information does the Audit Committee receive in relation to Fraud?</p> <p>How can RMBC be confident that appropriate systems and processes are in place to identify, manage and mitigate fraud risks?</p>	<p>Financial Regulations set out the respective responsibilities of senior management in relation to fraud risks.</p> <p>The Director of Internal Audit and Asset Management is responsible for ensuring arrangements are kept up to date and comply with best practice.</p> <p>Internal Audit carries out an annual fraud risk assessment and established its annual programme of work taking the risk assessment into account. Internal Audit's work on systems includes assessment of the risk of fraud.</p> <p>A range of management controls are in place to help prevent fraud or spot it quickly where it could be happening (eg authorisation processes, systems reconciliation processes, budgetary control)</p> <p>A fraud strategy is maintained and reviewed at least annually.</p> <p>Historically there are low levels of fraud (excluding housing benefits).</p>
<u>Fraud risk</u> What can RMBC do to identify, manage and mitigate fraud ?	<p>Ensure one Executive Officer has lead responsibility for the organisation's fraud strategy and sets a clear tone from the top.</p> <p>Ensure the Audit Committee acknowledge its responsibilities for oversight of fraud risks and make fraud reporting a standing item on Audit</p>	<p>Arrangements as described above</p> <p>Responsibility for overview of fraud is covered in the Committee's Terms of Reference. The responsibility is satisfied as outlined above.</p>

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	<p>Committee agendas.</p> <p>Undertake a fraud risk assessment to identify priority / critical risk areas.</p> <p>Develop a fraud strategy for the organisation which focuses efforts and resources on priority areas.</p> <p>Raise awareness of fraud risks across the entire organisation;</p> <p>and</p> <p>ensure individuals in key roles are adequately trained.</p> <p>Implement a robust and independent whistle-blowing policy</p> <p>Use data analytics to monitor and measure key fraud risk indicators</p>	<p>An annual fraud risk assessment is completed by Internal Audit as part of its overall planning work.</p> <p>A fraud strategy exists and is updated regularly. It was most recently revised in June 2013.</p> <p>Various methods employed:</p> <ul style="list-style-type: none"> <li>• Manager Briefings</li> <li>• Presentations to the Audit Committee.</li> <li>• Financial Regulations training to Officers includes fraud.</li> <li>• E-learning modules exist e.g. Money Laundering, Benefits Fraud</li> <li>• Annual Fraud report.</li> </ul> <p>Certain Internal Audit fraud staff have specialist qualifications: CIPFA Certificate in Investigative Practice. All Benefits fraud staff have formal fraud qualifications.</p> <p>Internal Audit staff regularly attend regional inter-authority fraud group and alert themselves via Fraud newsletters / National anti-fraud organisations material and updates etc.</p> <p>In place and exemplified in number of whistle blowing incidents reported.</p> <p>Data analytics are used on a regular basis on appropriate systems eg payroll, creditor payments. Internal Audit utilises data interrogation tools to perform anti-fraud / error checks.</p>

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	<p>Maintain in-house, or work with an appropriate supplier, to retain specialist fraud investigation resources.</p> <p>Learn lessons from previous fraud cases and feed the findings back in to risk assessments, training and control improvements.</p> <p>Work with partners and 3<sup>rd</sup> parties to develop a co-operative approach to fraud, share information and keep abreast of changing fraud patterns:</p> <ul style="list-style-type: none"> <li>• replicate the work of the <b>National Fraud Initiative</b> and replicate at a local level</li> <li>• contribute to <b>Fighting Fraud Locally:</b> The Local Government Fraud Strategy</li> </ul>	<p>Specialist companies are employed to support the Council's anti-fraud strategy</p> <ul style="list-style-type: none"> <li>• to detect creditor payments frauds</li> <li>• to perform Council Tax Single Person Discount fraud checks</li> </ul> <p>We also participate in the National Fraud Initiative.</p> <p>This is part of our ongoing review and planning processes.</p> <p>Internal Audit attends the South and West Yorkshire [SWY] regional Chief Auditor and Fraud groups where fraud is discussed.</p> <p>Regular contact is also made via members where advice about a current issue is required.</p> <p>Internal Audit receives electronic bulletins from various sources e.g. National Anti Fraud Network [NAFN], and the Audit Commission's National Fraud Initiative [NFI].</p> <p>There is regular pro-active fraud intelligence gathering from various sources exists e.g. CIPFA, including a new CIPFA on-line fraud discussion forum.</p> <p>Internal Audit and Benefits fraud staff regularly attend specialist fraud seminars.</p>
<p><b>6. Public Health</b></p>	<p>Finances – how is the ring-fenced grant being invested?</p> <p>Governance – are the arrangements appropriate and meeting the stated requirements?</p> <p>Assurance – is the Internal Audit Plan</p>	<p>The Council's approach is covered in its budget proposals. Budget arrangements for Public Health are known and</p> <p>Performance and financial management review follow the Council's established arrangements.</p> <p>Internal Audit assesses risks in line with its usual approach applied to all services. Coverage of public health matters is included in the audit plan.</p>

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	<p>considering this as a risk to review?</p> <p>Partnerships – relationships with CCGs, awareness of providers of public health services [community service providers].</p>	<p>Partnership working is a key feature of new Public Health arrangements and is integral to the work of the Public Health Team.</p> <p>The Health &amp; Well-being Board oversees all arrangements.</p>
<p><b>7. Financial Grip</b></p>	<p>Does your authority have “financial grip” ?</p> <ul style="list-style-type: none"> <li>• How does it perform currently – on the “basics” and in promoting and supporting change and improvement</li> <li>• What are its strengths</li> <li>• What are its weaknesses / improvement needs ?</li> <li>• What steps need to be taken to improve</li> </ul>	<p>KPMG's Annual Audit letter states:</p> <p>“The Council has put in place proper arrangements for securing financial resilience and challenging how it secures economy, efficiency and effectiveness in the use of its finite resources.</p> <p>The Council has a solid track record of delivering against its annual budget. It has detailed budgeting arrangements involving management, executive and scrutiny.</p> <p>It has a Medium Term Financial Strategy that evaluates the medium term impact of major changes, including future funding levels.</p> <p>Managing within budget is the Council's number 1 risk and is therefore subject to regular update through the Corporate Risk Register, which is reported to the Executive, Scrutiny and Audit Committee</p>
	<p>Do you receive the necessary assurance on these matters as an audit committee?</p>	<p>Yes. The Audit Committee receives the Annual Audit Letter, Statement of Accounts [Certified], update on progress against external recommendations and other specific assurances / reports.</p>
	<p>Is the audit committee sufficiently proactive in asking questions and requesting reviews / updates / reports?</p>	<p>Yes. The Audit Committee has raised questions and sought additional assurances in relevant areas, for example housing rent income.</p>