

**AUDIT COMMITTEE  
11th January, 2022**

Present:- Councillor Baker-Rogers (in the Chair); Councillors Barley, Browne, Wyatt and John Barber (Independent Person).

Apologies for absence were received from Councillors Hoddinott (maternity leave) and Wilson and Gareth Mills (Grant Thornton).

**67. DECLARATIONS OF INTEREST**

There were no Declarations of Interest to report.

**68. EXCLUSION OF THE PRESS AND PUBLIC**

Resolved:- That, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for Minute No. 77 (Corporate Risk Register Appendix) and Minute No. 78 (Finance and Customer Services Risk Register) as they involve the likely disclosure of exempt information as defined in the Paragraph 3 (financial information) of Part 1 of Schedule 12A to the Local Government Act 1972.

**69. MATTERS OF URGENCY**

There were no matters of urgency to be considered.

**70. QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS**

There were no members of the press or public present at the meeting.

**71. MINUTES OF THE PREVIOUS MEETING HELD ON 30TH NOVEMBER, 2021**

Consideration was given to the minutes of the previous meeting of the Audit Committee held on 30<sup>th</sup> November, 2021.

Resolved:- That the minutes of the previous meeting of the Audit Committee be approved as a correct record of proceedings.

**72. UPDATE FROM EXTERNAL AUDITORS**

Thilina De Zoysa, Grant Thornton, gave the following verbal update:-

- The Council's final audit opinion had been signed off on 3<sup>rd</sup> December, 2021. The audit findings report had been updated accordingly
- Work was on track to complete the Value for Money work by February 2022 and would be submitted to the March Audit Committee meeting

- Work was ongoing on the Housing Benefit Grant certification work (deadline 31<sup>st</sup> January). Discussions were taking place with the Council's Finance Team to deliver by the deadline. An update would be submitted to the March Audit Committee meeting
- 2021/22 audit planning work would commence in February and hoped to be completed before the end of April before work started on the NHS audits. The audit plan for 2021/22 would be presented to the March meeting

Discussion ensued on NHS audits/forthcoming organisational changes and the possible impact of the Clinical Commissioning Groups (CCGs) audits on local government audits. It had been announced late December 2021 that CCGs could possibly continue for 12 months after the 31<sup>st</sup> March and cease to exist by 30<sup>th</sup> June, however, audit firms had stated clearly that they had no capacity to carry out part of the CCG audits if that did happen. Grant Thornton's priority would be to carry out the 12 months accounts of CCGs and Acute Trusts (deadline 22<sup>nd</sup> June for the 2021/22 audits) and then move onto local government audits.

It was also noted that a publication issued prior to Christmas confirmed that the deadline for local government audited accounts to be extended to November 2022 was being considered.

Resolved:- (1) That the update be noted.

(2) That the Chair be kept informed of any changes to account submission deadlines and any possible delays caused by the NHS re-organisational changes.

### **73. EXTERNAL INSPECTIONS, REVIEWS, AND AUDITS UPDATE**

Consideration was given to a report, presented by Simon Dennis, Acting Head of Policy, Performance, and Tanya Lound, Acting Corporate Improvement and Risk Manager, providing details of recent and current external audits and inspections including the details of arrangements that were in place regarding the accountability and governance for implementing recommendations arising therefrom.

Since the last report to Committee in July, 2021, 13 external inspections, reviews and audits had taken place resulting in 25 recommendations 18 of which had been implemented, 5 remained ongoing and 2 did not require action. The outcome of one of the external audits conducted was not yet known. In addition, 3 of the ongoing recommendations in relation to external inspections, reviews and audits that took place prior to July 2021, had now been implemented and 11 remained either outstanding or ongoing.

The report included detail of progress being made in respect of the following specific areas and Directorates together with a verbal update on the outstanding recommendations:-

- Children and Young People's Services
- Adult Care and Housing
- Regeneration and Environment Services
- Finance and Customer Services
- Assistant Chief Executive

Nathan Heath, Assistant Director, Education and Inclusion, and Rebecca Wall, Acting Assistant Director of Children's Safeguarding, provided information on their respective Directorates' responses to any recommendations from external audits/inspections.

At the meeting held on 29<sup>th</sup> July, 2021, it had been requested that the report include details of target and completion dates for the recommendations (Minute No. 27 refers). This had proven to be problematic in that a large proportion of external inspectorates did not operate in the same way as Internal Audit who would agree a deadline with the Department concerned.

Discussion ensued on the report with the following issues raised/clarified:-

- That discussions take place with SLT regarding the setting of performance measures for actions set by external audits/inspections that do not state a timeline for completion
- An Education Health and Care Plan was a collective process including Health and Social Care as well as others on which the pandemic had had an impact. However, there were very clear regulations around the timelessness of such Plans and the Authority was benchmarked regionally and nationally. Rotherham's performance had remained consistently strong but there were areas where improvements could be made. The key challenge was making sure communication remained strong with parents and carers through the process and feedback where there were delays
- The Written Statement of Action would be submitted to Ofsted in accordance with their deadline
- Confirmation had been received that Public Services Network Connection Compliance had been achieved

Resolved:- (1) That the report be received and its contents noted.

(2) That the governance arrangements that were currently in place for monitoring and managing the recommendations from external audits and inspections, as now reported, be noted.

(3) That the Audit Committee continue to receive regular reports in relation to external audit and inspections and the progress made in implementing recommendations.

(4) That discussions take place with SLT regarding the setting of performance measures for actions set by external audits/inspections that did not state a timeline for completion.

#### **74. INTERNAL AUDIT PROGRESS REPORT**

Consideration was given to a report presented by David Webster, Head of Internal Audit, which provided a summary of Internal Audit work completed during 1st to 30th November, 2021, and the key issues that had arisen therefrom. The current position of the plan was outlined in Appendix A to the report.

One audit had been finalised since the last Committee meeting which had received Reasonable Substantial Assurance as set out in Appendix B to the report.

Internal Audit also carried out unplanned responsive work and investigations into any allegations of fraud, corruption or other irregularity. There had been no reports of this type since the last meeting.

Internal Audit's performance against a number of indicators was summarised in Appendix C. Target performance for the production and issue of reports were achieved in November, with chargeable time almost reaching the target. However, only one report was finalised during the month.

Appendix D showed the number of outstanding recommendations that had passed their original due date, age rated. There was now only one outstanding action.

Resolved:- (1) That the Internal Audit work undertaken since the last Audit Committee, 1st to 30th November, 2021, and the key issues that have arisen from it be noted.

(2) That the information contained regarding the performance of Internal Audit and the actions being taken by management in respect of their performance be noted.

#### **75. AUDIT COMMITTEE FORWARD PLAN**

Consideration was given to the proposed forward work plan for the Audit Committee covering the period March, 2022 to January, 2023.

Resolved:- That the Audit Committee forward work plan, as now submitted, be approved.

**76. CORPORATE STRATEGIC RISK REGISTER**

Simon Dennis, Acting Head of Policy, Performance and Improvement, presented the current Strategic Risk Register which summarised the current position of the Register and also provided additional background on the role of risk management in the Council's response to the Covid-19 pandemic.

The Council's ongoing response to the COVID-19 pandemic had seen risk management play a vital role which continued to be the case. The changes required to processes had been reported to the Committee previously but, at the time of writing, the Council's overall corporate risk management arrangements had now broadly returned to normal.

The Council's pattern of reducing assessed risk, in place up until Covid-19 had struck, had recommenced. This also reflected the increasing grasp on the key risks that needed to be managed at a strategic level. This improvement had inevitably slowed during the pandemic but the overall track in the last two years was an improving one. Since July 2021, 60% of risks monitored at a strategic level had reduced or been removed, just over 25% have remained stable and just over 15% had increased or were new to the register.

Since the last update, there had been no additions or removals from the Strategic Risk Register. There remained 13 risks, up from 12 in July 2020.

The risk management process had been subject to an Internal Audit review which had compared arrangements to the requirements of the relevant International Standard ISO31000. The review had included that substantial assurance, the highest assurance level possible, could be derived from the controls that were in place. A further review would be carried out in 2022.

Discussion ensued with the following issues raised/clarified:-

- The Strategic Risk Register would be adapted to align with the new Council Plan
- A refresh of risk management training would be available to Members shortly
- Any audits undertaken by Internal Audit with a partial or no assurance rating were passed to Policy and Performance for the Risk Champions' consideration of inclusion/increased scoring on the Risk Register
- If there was a change in the scoring of one SLT risk, was the possible impact on other risks considered?
- Any reduction in Covid related risks, how did this impact on other risks?

- What challenge was there to those risks that had had the same scoring for a long time?
- The Food Resilience Worker had commenced their employment on 10<sup>th</sup> January, 2022. Their responsibilities would be around building the Authority's understanding of food provision throughout the Borough and how the extra resources provided had been deployed
- The impact of the Covid pandemic and the provision of food banks

Resolved:- (1) That the update be noted.

(2) That the Acting Head of Policy, Performance and Intelligence, and Head of Internal Audit, meet to discuss the issues raised.

(Appendix 1 was considered in the absence of the press and public in accordance with Paragraph 3 of the Act (Information relating to the financial or business affairs of any particular person (including the authority holding that information/financial information))

## **77. FINANCE AND CUSTOMER SERVICES DIRECTORATE RISK REGISTER**

Judith Badger, Strategic Director Finance and Customer Services, presented a report providing details of the Risk Register and risk management activity within the Finance and Customer Services Directorate.

The Directorate level Risk Register currently had 7 risk items listed of which one was included on the Corporate Risk Register:-

- SLT16 (FCS1) – Services failing to deliver services within budget and consequently failing to deliver the savings profiled within 2021/22 budget and MTFS as approved by Council in March 2021.

Risks were regularly discussed and reviewed at the Directorate Leadership Team (DLT) and, where necessary, escalated to the next strategic level for inclusion on the appropriate risk register. Risks were owned and updated by the relevant Assistant Director/M3 Manager.

As part of the ongoing programme to embed Risk Management into the working culture of the Council, all M2 and M3 managers within Finance & Customer Services were encouraged to attend corporate Risk Management training. New and/or redeployed managers were asked to attend future training events.

Discussion ensued with the following issues raised/clarified:-

- Should there be a difference between columns “risk score with existing measures” and “target score with further management actions”

- Consideration should be given to the removal of FCS1 (Delivery of Critical Council Services)
- Council Tax Collection rate
- FCS14 (Cyber Attacks) and the increased home working

Resolved:- That the progress and current position in relation to risk management activity in the Finance and Customer Services Directorate, as detailed in the report now submitted, be noted.

(The report was considered in the absence of the press and public in accordance with Paragraph 3 of the Act (Information relating to the financial or business affairs of any particular person (including the authority holding that information/financial information))

**78. ITEMS FOR REFERRAL FOR SCRUTINY**

Resolved:- That the provision and co-ordination of foodbanks and the Council's involvement therein, be referred to the Overview and Scrutiny Management Board for consideration.

**79. DATE AND TIME OF NEXT MEETING**

Resolved:- That a further meeting of the Audit Committee be held on Tuesday, 2nd March, 2022, commencing at 2.00 p.m. in Rotherham Town Hall.