

**AUDIT COMMITTEE
11th March, 2025**

Present:- Councillor Marshall (in the Chair); Councillors Baggaley and McKiernan and Alison Hutchinson (Independent Person).

Apologies for absences were received from Councillor Blackham, Elliott and Michael Olugenga-Babaloa (Independent Person).

Thilina de Zoysa (Grant Thornton External Auditor) was also in attendance.

78. DECLARATIONS OF INTEREST

There were no Declarations of Interest made at the meeting.

79. QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS

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

80. 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. 89 (External Quality Assessment of Internal Audit against the Global Internal Audit Standards (UK Public Sector)) and Minute No. 74 (Children and Young People's Services Strategic Risk Register) as defined in those paragraphs indicated below of Part 1 of Schedule 12(A) of such Act indicated, as now amended by the Local Government (Access to Information) (Variation) Order 2006.

81. MINUTES OF THE PREVIOUS MEETING HELD ON 14TH JANUARY, 2025

Consideration was given to the minutes of the previous meeting of the Audit Committee held on 14th January, 2025.

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

82. EXTERNAL AUDIT UPDATE

Thilina de Zoysa, Grant Thornton (External Auditors) gave the following verbal update:-

- The final statement of accounts had been submitted to Audit Committee on 26th November, 2024, and the Value for Money report on 14th January, 2025, with an audited unqualified opinion issued on 17th January ahead of the backlog date of the end of February

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- Greg Chandley would take over the management role for Rotherham's audit and was known to the Finance Team
- The audit plan would be submitted to the next Audit Committee. Work on the audit would commence in July as in previous years with the intention to complete the audit, including the Value for Money work, by December

The Chair thanked Thilina on behalf of the Committee for his service over the past 6 years and looked forward to working with Greg.

Resolved:- That the update be noted.

(The Chair authorised consideration of the above item to enable the Committee to be fully informed)

83. HAND-ARM VIBRATION UPDATE

Sam Barstow, Assistant Director, Community and Street Scene, presented an update in relation to the Council's improvements to systems in place to ensure the safety of employees in relation to Hand-Arm Vibration. The report also included the outcome of the investigation by the HSE and subsequent action taken through the Courts.

The process had initially started in 2019 when the Council had self-referred an individual through a RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences) report. The individual had received an occupational health report clearly identifying the existence of Hand Arm Vibration (HAVs) illness and specified the need to report the individual in 2019. The Council could not locate documentation to confirm that a previous report, as required under RIDDOR, had been made and, therefore, in the interests of transparency and supporting the management of Health and Safety, the case was reported to the Health and Safety Executive which had triggered an investigation.

A decision was provided on 4th April 2023 that the HSE confirmed their intention to prosecute the Council for offences arising from failures under the general duty of S2(1) Health and Safety at Work Act and applicable RIDDOR legislation.

The matter was heard by Court and concluded on 17th December, 2024.

To ensure the safety of its employees, the Council had engaged vigorously with the Health and Safety Executive seeking advice and guidance to support a comprehensive review of the approach taken to this issue. The Council had become an exemplar of good practice and had been sharing the experience with others in the sector to help them improve their approach.

An action plan was fully concluded in June 2024 with a total of 55 actions completed. A performance dashboard was in place to capture data from across services and monitor any emerging trends or risk for further action. Two audits had been undertaken in relation to HAVs; the first concluded in December 2023 and provided 'reasonable assurance'. Four recommendations were made within the report. A further audit was concluded in June 2024 providing 'substantial assurance' and confirmed the recommendations had been fully and consistently implemented.

The Council had accepted from the outset that there had been failings in its management of the risk associated with the use of vibrating tools and entered a guilty plea before Court on 17th December 2024. The Council was fined £60,000 and order to pay costs in the sum of £5,775.70. The Court acknowledged and credited the Council for its early guilty plea with the Judge specifically commenting that he had studied the evidence as to what had now been implemented and this was to the Council's credit. It was also noted that there was clear evidence of steps having been taken voluntarily and a high level of co-operation beyond what would be expected.

The Court also acknowledged the Council's good health and safety record, lack of previous convictions and that the Council now had effective health and safety procedures in place.

Phil Horsfield, Assistant Director, Legal, Registration and Electoral Services, commented that a governance framework was in place in order to ensure that such breaches did not occur. There was considerable comfort to be taken both from the audit reports and from the judgement provided as well as the sharing of good practice with the HSE.

The changes to the overall systems and processes had been shared across the Council. As part of the improvement journey all relevant departments had been represented to ensure the changes were embedded across the Council and included in contracts with partners.

The number of individuals identified through the Occupational Health process was falling with a significant reduction in the number of cases since 2019 and, because of the controls the Council had in place, was able to defend any cases brought forward.

It was also noted that submission of this report discharges the Council's responsibility for reporting to Members on such matters.

Resolved:- That the content of the report, including the legal issues contained therein, be noted.

84. UPDATE ON IMPLEMENTATION OF CHANGES IN PROCUREMENT LEGISLATION

Rob Mahon, Assistant Director Financial Services, presented a report on the progress made towards the Council's implementation of the Procurement Act 2023, that came into force in February, 2025.

The report outlined some of the key changes that formed the new legislation together with the Council's progress to ensure a smooth transition to operating within the new legislation. The key areas the Council has had to focus on had been:-

- core procurement and legal staff training on the new legislation
- preparatory work to ensure that the Council's procurement and contract documentation was updated as required
- raising awareness of the new requirements around contract management performance reporting
- raising awareness across the Council of the changes and impacts
- assessing training needs to ensure the Council could continue to operate within procurement legislation in an efficient a way as possible

To support the transition to the new procurement legislation and minimise the level of work undertaken under the new rules, procurement officers working with services had ensured that the vast majority of open tenders in process had been published prior to the change over in legislation. It should be noted that procurement framework arrangements remained within the previous legislative regime (Public Contracts Regulations 2015) and as such were largely unimpacted and would remain this way for a number of years.

Karen Middlebrook, Service Manager, advised that the debarment list was held by Central Government and was a public document. They would instruct a Council not to award contracts.

Procurement training took place on a regular basis and provided to those officers requiring such. However, consideration would be given as to whether officers needed to be re-trained.

There were risks around procurement and as such was included on the Finance and Customer Services Directorate Risk Register. A lot of work was taking place on minimising the difficulties with Services not appropriately planning for their procurement activity but it was being tracked and an area of development for the Council.

Resolved:- That the progress made to implement the Procurement Act 2023 into Council procedures be noted.

85. TREASURY MANAGEMENT QUARTERLY UPDATE AND TREASURY MANAGEMENT STRATEGY

Natalia Govorukhina, Head of Corporate Finance, reported that the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommended that Members be updated on Treasury Management activities at least quarterly. The submitted report was the quarter 3 review for 2024/25 which detailed performance against Treasury and Prudential Indicators.

The report incorporated the needs of the Prudential Code to ensure adequate monitoring of the capital expenditure plans and the Council's Prudential Indicators (PIs). It was also explained that it was a requirement that any proposed changes to the 2024/25 prudential indicators were approved by Council.

The monitoring, as set out in Appendix A, highlighted the key changes to the Council's capital activity (the PIs) and the actual and proposed Treasury Management activity (borrowing and investment). The review indicated performance was in line with the plan and there were no proposals to vary the approach for the remainder of the year.

Reference was made to the key messages for investments, borrowing and governance.

Whilst the Council's approach to Treasury Management in recent years utilised short-term borrowing and had generated significant savings for the Council, the future outlook was more challenging. The current strategy was to maintain the Council's position of being under-borrowed against the Capital Financing Requirement. The Council was forecast to require additional borrowing before the end of the 2024/25 financial year; this borrowing would be taken on a short-term basis to avoid exposure to currently high interest rates in anticipation of lower rates in future years. There was a possibility of taking some long term borrowing from the PWLB at the discount HRA rate.

The continuing approach to Treasury Management had been discussed with the Council's external Treasury Management Advisers, Link Asset Services, who have confirmed this was a prudent approach given current market conditions. Link Asset Services will continue to monitor borrowing rates and inform the Council if there were opportunities to borrow at advantageous rates.

The Capital Programme was approved by Council on 5th March, 2025, which also included an updated programme. This reflected the slippage on schemes and capital investment. These were set out in the appendices to the budget report considered by Council (Minute No. 123 of 5th March 2025 refers).

Resolved:- That the report be received and the contents noted.

86. INTERNAL AUDIT PROGRESS REPORT

Consideration was given to a report presented by Louise Ivens, Head of Internal Audit, which provided a summary of Internal Audit work completed during 1st November, 2024 to 31st January, 2025, and the key issues that had arisen.

The plan attached as part of the report showed the position up to the end of January 2025, the progress of the 2024/25 audit plan, the reports finalised between November 2024 and January 2025 and performance indicators for the Team. Since the last report there had been 3 audits deferred and 2 audits removed from the plan.

Internal Audit provided an opinion on the control environment for all systems or services which were subject to audit review. The report detailed the audit opinions and a summary of all audit work concluded in the last quarter. 6 audits had been finalised since the last Audit Committee, 3 of which had received Substantial Assurance, 2 received Reasonable Assurance opinion and one Partial Assurance.

A review of the current performance indicators was detailed in Appendix D, post-audit questionnaires and results included at Appendix E and the Quality Assurance and Improvement Plan at Appendix F.

Since the last meeting, a slightly revised Application Note: Global Internal Audit Standards (GIAS) had been issued. This provided 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. It set out interpretations and requirements which needed to be applied to the GIAS requirements in order that these form a suitable basis for internal audit practice in the UK public sector.

Consultation on the Code of Practice for the Governance of Internal Audit in UK Local Government had now closed and the final Code had been published. The Code complemented the standards which applied to the practice of internal audit from the perspective of the heads of internal audit (or 'chief audit executive').

From 1st April 2025 the requirements of the Application Note, the Code and the Global Internal Audit Standards apply to work on internal audit engagements commenced on or after this date. It would be referred to as GIAS (UK public sector).

CIPFA (the Relevant Internal Audit Standard Setter for local government) had stated that internal audit teams would not be expected to demonstrate full conformance on this date. They must work in accordance with the new standards from this date and by doing so would build up their conformance. Further detail on the standards and the action

that had been updated following a self-assessment was included on the agenda as a separate item.

It was noted that the audit of the cash and banking system and reconciliations had been deferred to 2025/26. This was due to the long process involved in moving from one banking provider to another. Once the implementation had been completed, the processes and procedures would be audited to ensure it had been done accurately.

With regards to a query on the deferred recommendation, it was noted that the introduction of the new telephony system had caused delays but the action following the audit was on track for completion at the end of March.

Resolved:- (1) That the Internal Audit work undertaken since the last Audit Committee, 1st November, 2024 to 31st January, 2025, and the key issues that have arisen from it be noted.

(2) That the performance objectives of Internal Audit and the actions being taken by audit management in respect of meeting the performance objectives be noted.

87. INTERNAL AUDIT ANNUAL PLAN 2025-26

Consideration was given to the Internal Audit Plan for 2025-26 presented by Louise Ivens, Head of Internal Audit. The report explained Internal Audit's approach to the development of the Plan, as well as detailing the specific activities Internal Audit planned to review during the year. It reflected a comprehensive risk assessment process including discussions with Strategic Directors and Assistant Directors to obtain their views of key risks and areas for audit coverage.

It was designed to enable the Head of Internal Audit to give their annual opinion at the end of the year on the adequacy and effectiveness of governance, risk management and the control framework. The Plan would remain flexible and be reviewed during the year to ensure it remained relevant.

In line with auditing standards, the proposed audit plan had been devised adopting a risk based approach using:-

- The Council's risk management processes and the strategic and Directorate risk registers
- Reports by management to the Audit Committee on the management of risks and the outcomes of external inspection reports
- The results of previous Internal Audit work and ongoing assessment of the auditable entities within the Authority
- Planned work deferred from 2024-25
- Council Plan and Year Ahead Delivery Plan
- Knowledge of existing management and control environments

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- Professional judgement on the risk of fraud or error
- Consultation with all Directorate Leadership Teams and the Strategic Leadership Team taking into account feedback from Assistant Directors, Strategic Directors, the Monitoring Officer and the Chief Executive
- Awareness of relevant local and national issues
- Regular dialogue with authorities within South and West Yorkshire helped to ensure that the Authority was aware of emerging risks within other councils so that they could be considered during audit planning

The outputs from the planning process had been prioritised to produce a plan that balanced the requirement to give an objective and evidence based opinion on aspects of governance, risk management and internal control, the time required for anti-fraud and corruption activity, the requirement for Internal Audit to add value through improving controls and the need to retain a contingency element to remain responsive to emerging risks.

As well as identifying all of the proposed pieces of work to be carried out during the year, the plan also explained the statutory requirements for Internal Audit, described the approach and methodology adopted in producing the plan, showed the level of resources available to deliver the plan (980 days) and included a contingency for responsive work.

In line with auditing standards, the plan did not become fixed once it was approved; it remained flexible and would be revised to take into account any significant emerging risks facing the Authority. It would be subject to half year review in consultation with Strategic Directors and Assistant Directors.

It was noted that, as in previous years, the technical audits of IT systems would be conducted by Salford City Internal Audit Services who specialised in this field of work. The Internal Audit Team comprised 7.52 full-time equivalents with 980 days allocated in the plan for 1st April, 2025 to 31st March, 2026. The number of days available had reduced from 2024/25 due to the flexible retirement of one member of the Team (reduction in hours worked). The plan was considered sufficient to allow the Head of Internal Audit to give the annual opinion at the end of the year.

The Head of Internal Audit was confident that there was sufficient contingency time to add any additional audits if required. There were time requirements for follow-up audits built into the plan that were only required to be budgeted for the first 6 months of the year. Any follow-ups required after that would be included in the plan for the next financial year.

The "very high" priority rated audits were audits that needed to be done within the financial year. The "high" rated audits were those that the Audit Team would like to do during the year. All the audits rated as "medium" or "low" were included on a separate list and would be revisited at the 6

monthly period to ascertain if the risk had changed. The audit planning process included reviewing areas that had not been audited for some time.

Resolved:- That the Internal Audit Plan for 2025-26 be approved.

88. INTERNAL AUDIT CHARTER, INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME AND SELF ASSESSMENT AGAINST PUBLIC SECTOR INTERNAL AUDIT STANDARDS (PSIAS) AND THE GLOBAL INTERNAL AUDIT STANDARDS

Consideration was given to a report presented by Louise Ivens, Head of Internal Audit, which detailed how Internal Audit was a major source of assurance to the Council on the framework of control, risk management and governance. All Internal Audit functions in Local Government must comply with PSIAS up to 31st March, 2025 and thereafter to new standards. The new standards consisted of the Global Internal Audit Standards (GIAS) of the Institute of Internal Auditors and the Application Note: Global Internal Audit Standards in the UK public sector. The Application Note directed local government sector bodies to apply the Code of Practice for the Governance of Internal Audit in UK local government.

Both sets of standards included the need for a Quality Assurance and Improvement Programme (QAIP) to provide continual improvement based on ongoing quality assurance and an annual self-assessment with an external assessment at least every 5 years.

An external assessment was undertaken in November 2020 which showed general conformance with those standards and was presented to Audit Committee in March 2021 (Minute No. 154 refers). This was the highest classification of results from those assessments (generally conform, partially conform or do not conform). The QAIP Action Plan was updated to address the areas where further improvement could be made based on the suggested actions to consider in the report.

The latest self-assessment had now been completed which again showed general conformance with the standards. The report submitted showed the status of actions in the previous year's Action Plan and the actions identified as being relevant for the coming year including the actions identified from an initial review against the Global Internal Audit Standards (UK public sector).

The Internal Audit Charter was in effect the Terms of Reference of the Internal Audit Service and must be reviewed periodically and submitted to the Audit Committee for approval. There had been a number of changes to the Charter to reflect the requirements of the new Global Internal Audit Standards (UK public sector) and the Code of Practice for the Governance of Internal Audit in UK Local Government.

In response to a question, it was not felt that any new audits themselves would take longer, however, there would be time required to update the audit manual, processes/procedures and templates etc. as well as the training of staff. However, this had been factored into the days available in the audit plan.

Resolved:- (1) That the production and ongoing implementation of the QAIP and the action plan based on the internal self-assessment reported to this Committee, including the initial review of conformance against the Global internal Audit Standards (UK Public Sector) be noted.

(2) That the Internal Audit Charter, as attached in Appendix D of the report submitted, be approved.

89. EXTERNAL QUALITY ASSESSMENT OF INTERNAL AUDIT AGAINST THE GLOBAL INTERNAL AUDIT STANDARDS (UK PUBLIC SECTOR)

Louise Ivens, Head of Internal Audit, reported that the Public Sector Internal Audit Standards (PSIAS) and the Global Internal Audit Standards (UK public sector) set out that Internal Audit service providers must be externally assessed against the standards at least every 5 years. Rotherham's Internal Audit was last externally assessed at the end of 2020. An external assessment was, therefore, required during the 2025/26 financial year.

The report set out the options for the assessment, the relevant costs and the preferred option for consideration.

The Relevant Internal Audit Standard Setter (RIASS) i.e. CIPFA had determined that the qualification requirement (in GIAS) should be replaced by a different qualification requirement. GIAS 8.4 set out a requirement that, when selecting the independent assessor or assessment team, the CAE must ensure that at least one person holds an active Certified Internal Auditor designation. The RIASS has determined that this was replaced by a requirement that at least one person have the characteristics outlined for a CAE qualification and has an understanding of the GIAS commensurate with the Certified Internal Auditor designation including internal audit relevant continuing professional development and an understanding of how the GIAS was applied in the UK public sector. The CAE must consider these matters as part of the selection process.

Past practice within local government has been that external assessments were carried out by a Head of Internal Audit from another local authority (also known as peer review) by accountancy or audit bodies or by other qualified individuals. All have been considered within the report.

It was the Head of Internal Audit's opinion that a validation of an internal assessment was sufficient. The 3 options were set out in the report together with the associated costs.

Resolved:- That option 1, as set out in the report submitted (CIPFA to undertake a full assessment), be approved.

(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))

90. RISK MANAGEMENT DIRECTORATE PRESENTATION - CHILDREN AND YOUNG PEOPLE'S SERVICES

Helen Sweaton, Joint Assistant Director, Commissioning and Performance presented a report providing details of the Risk Register and risk management activity within the Children and Young People's Services Directorate.

The Directorate level Risk Register currently had 4 risks items listed of which 2 were also included on the Corporate Risk Register:-

- CYPS01 (SLT01) - Keeping Children, Young People and Families safe from harm
- CYPS02 (SLT16) – CYPS to achieve budgetary savings linked to Medium Term Financial Strategy and Maintaining a balanced budget and Medium Term Financial Strategy that enables the continued delivery of core Council services and ensure the ongoing financial resilience of the Council

Risk formed a critical part of management oversight in CYPS and was discussed/reviewed at the CYPS Assurance Board meeting on a quarterly basis with escalations reviewed as exception outside of the reporting cycle. The DCS took ownership of the Directorate risk management arrangements and, where required, would meet with the CYPS Risk Champion to provide additional sign off should the aforementioned meetings not take place within a satisfactory time period.

Each Assistant Director was accountable for managing a Service Risk Register which was formally monitored and reviewed with their senior managers on a monthly basis.

As part of the corporate programme to embed risk management into the culture of the Council, all managers from CYPS were required to attend the mandatory Risk Management Training for Managers workshops. New managers were invited to attend workshops as soon as possible after commencement in role.

Completion of the mandatory risk management training within the CYPS workforce took place alongside colleagues in Organisational Development and managers following up non-completion through one-to-one discussions.

Discussion ensued on the Directorate's budget which had been reduced significantly over recent years and the risk rating associated with it. The External Auditor confirmed that this was a national issue with Children's Services and not unique to Rotherham.

Resolved:- That the progress and current position in relation to risk management activity in the Children and Young People's Services Directorate, as detailed in the report now submitted, be noted.

(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))

91. AUDIT COMMITTEE FORWARD WORK PLAN

Consideration was given to the proposed forward work plan for the Audit Committee for June 2025 to March 2026. The plan showed how the agenda items related to the objectives of the Committee. It was presented for review and amendment as necessary.

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

92. ITEMS FOR REFERRAL FOR SCRUTINY

There were no items for referral.

93. URGENT BUSINESS

There was no other urgency business to be considered.

94. DATES AND TIMES OF FUTURE MEETINGS

Resolved:- That meetings of the Audit Committee take place as follows during 2024-25:-

Tuesday,	17 th June,	2025
	29 th July	
Thursday,	25 th September	
Tuesday,	25 th November	
	13 th January, 2026	
	17 th March	