

Audit and Standards Committee

Date and Time - **Monday 19 June 2023 – 6:30pm**

Venue - **Council Chamber, Town Hall, Bexhill-on-Sea**

Councillors appointed to the Committee:

B.J. Drayson (Chair), J. Barnes, MBE (Vice-Chair), A.E. Biggs, S. Burton, Mrs V. Cook (ex-officio), A.P. Hayward, S.B. McGurk, C. Pearce and R.B. Thomas.

Audit Independent Person: Mr Patrick Farmer

AGENDA

1. MINUTES

To authorise the Chair to sign the Minutes of the meetings of the Audit and Standards Committee held on 20 March and 24 May 2023 as correct records of the proceedings.

2. APOLOGIES FOR ABSENCE

3. ADDITIONAL AGENDA ITEMS

To consider such other items as the Chair decides are urgent and due notice of which has been given to the Head of Paid Service by 12 Noon on the day of the meeting.

4. DISCLOSURE OF INTERESTS

To receive any disclosure by Members of personal and disclosable pecuniary interests in matters on the agenda, the nature of any interest and whether the Member regards the personal interest as prejudicial under the terms of the Code of Conduct. Members are reminded of the need to repeat their declaration immediately prior to the commencement of the item in question.

5. ROLE AND FUNCTIONS (Pages 3 - 12)

PART A - STANDARDS REPORTS

6. LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN COMPLAINTS MONITORING (Pages 13 - 22)

7. CODE OF CONDUCT COMPLAINTS MONITORING AND OTHER STANDARDS MATTERS (Pages 23 - 28)

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For all enquiries – please contact louise.hollingsworth@rother.gov.uk (Tel: 01424 787815)

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8. **DRAFT ANNUAL REPORT TO COUNCIL - ETHICAL STANDARDS MATTERS** (Pages 29 - 32)

PART B - AUDIT REPORTS

9. **INTERNAL AUDIT - ANNUAL REPORT AND OPINION 2022/23** (Pages 33 - 58)
10. **INTERNAL AUDIT - PEER REVIEW** (Pages 59 - 102)
11. **2022/23 STATEMENT OF ACCOUNTS - AUDIT PLANNING RISK ASSESSMENT** (Pages 103 - 132)
12. **WORK PROGRAMME** (Pages 133 - 134)

Lorna Ford
Interim Chief Executive

Agenda Despatch Date: 9 June 2023

Invitees in respect of Standards Related Reports only:

Independent Persons: Mr Robert Brown and Mrs Rose Durban.

Parish/Town Councillor Representative(s): Councillors Mrs W.M. Miers and K. Robertson

Rother District Council

Report to:	Audit and Standards Committee
Date:	19 June 2023
Title:	Role and Functions
Report of:	Interim Chief Executive
Ward(s):	N/A
Purpose of Report:	To outline the role and functions of the Audit and Standards Committee
Officer	
Recommendation(s):	It be RESOLVED : That the report be noted.

Introduction

1. As part of the Members' Induction process for 2023, it has been agreed that a report outlining each Committee's roles and responsibilities will be presented to the first meeting of each Committee in the new municipal year.
2. Attached at Appendix B is a diagram of the Council's decision-making structure.

Composition and Meetings

3. The A&SC is made up of eight Members appointed in accordance with political balance rules, excluding Members of the Executive. All Members of the Council are entitled to attend meetings of this Committee and are able to address it with the Chair's consent. Although the A&SC is governed by the Council Procedure Rules that apply to Committees (Part 4-1 of the Constitution), meetings are usually conducted with a degree of informality and wide debate is encouraged.
4. The A&SC meets five times per year on a Monday at 6:30pm with Standards related matters being reported to the June and December meetings only. The dates arranged for the 2023/24 municipal year are as follows: 19 June 2023, 26 July 2023 (Wednesday), 2 October 2023, 4 December 2023 and 25 March 2024. However, the Chair may call additional meetings throughout the year as required, according to business.
5. At the June and December meetings the Agenda is compiled in two parts, Part A, standards related items and Part B, audit related items.
6. The Council's two Independent Persons (IPs), namely Mr Bob Brown and Mrs Rose Durban, appointed in accordance with the Localism Act to support the Council's Standards regime and the two Parish and Town Council representatives, namely Mrs Wendy Miers (Dallington Parish Council) and Keith Robertson (Catsfield Parish Council) attend the June and December meetings as a Member of the Committee for the Part A items. The Rother

Association of Local Councils has been asked to confirm the appointments to the Audit and Standards Committee for the next four-year term. At these meetings they can speak on all matters but have no vote. Whilst they are able to remain for the Part B items (audit items) they would do so as a member of the public and have no right to contribute to the debate. One non-voting Audit Independent Person, namely Mr Patrick Farmer, attends all meetings of the Committee in respect of audit-related matters.

7. The Work Programme reported elsewhere on this agenda will give an understanding of the types of reports to be submitted to the Committee over the coming municipal year. Consideration of the Work Programme at each meeting is the main opportunity for Members to propose additional items for consideration.

Audit Function

8. The function of the Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process. The core functions of the A&SC include internal audit, external audit and inspections, control strategies and financial statements. The full Terms of Reference for the Committee in respect of its audit functions are reproduced at Appendix A.
9. The Committee can report directly to Council, if necessary, and retains independence from Cabinet for these activities:
 - monitor internal audit activity;
 - monitor external audit activity;
 - monitor the Council's compliance with its own and other published standards and controls;
 - consider the council's arrangements for corporate governance;
 - monitor risk management arrangements;
 - review the annual statement of accounts;
 - monitor and review the operation of the Constitution to ensure that the aims and principles of the Constitution are given full effect; and
 - consider and recommend to Council and proposed changes to the Constitution.

Standards Function

10. The full Terms of Reference for the Committee in respect of its standards functions are reproduced at Appendix A. This function of the Committee deals with the following matters:
 - to promote and maintain high standards of conduct by Members and Co-opted Members of the Council;
 - to consider and recommend to full Council the Members' Code of Conduct dealing with the conduct expected of Members and Co-opted Members of the Council when acting in that capacity and including provision in respect of the registration and disclosure of pecuniary and non-pecuniary interests;

- to put in place arrangements to investigate and make decisions on written allegations that a Member or Co-opted Member of the Council has failed to comply with the Code of Conduct;
- to appoint one or more Independent Persons;
- to consider and recommend to full Council the making of Standing Orders to provide for the exclusion of a Member or Co-opted Member of the Council from a meeting while any discussion or vote takes place in which that person may not participate; and
- Overview of complaints handling and Local Government and Social Care Ombudsman investigations, including the power to make payments or other benefits in cases of maladministration etc. (section 92 of the Local Government Act 2000).

Complaints Process

11. Under the Localism Act 2011, the District Council must have in place “arrangements” under which allegations that a Member or Co-opted Member of the authority or of a Parish or Town Council within the District, or of a Committee or Sub-Committee of the authority, has failed to comply with that authority’s Code of Conduct can be investigated and decisions made on such allegations.
12. The A&SC has delegated responsibility to the Monitoring Officer (MO) to make the initial assessment on whether any Member complaints should be investigated, consulting one of the IPs as necessary. The MO retains the discretion to refer the decision as to whether a complaint merits an investigation to the A&SC if it appears appropriate to do so. The view of the IP may be sought by the Council at any other stage, or by a Subject Member, or a Member or Co-opted Member of a Parish or Town Council within the District, against whom an allegation has been made that they have breached the relevant Code of Conduct, if the complaint is referred for an investigation.
13. Following an investigation, should a Councillor be found to have breached the Council’s Code of Conduct, a hearing will be held. The Hearing Panel is established as a Sub-Committee of the Council’s A&SC. The Hearing Panel will comprise of three elected Members, appointed thereto other than on a political basis, i.e. any three Members of the A&SC, dependent on availability and not political group. Since the introduction of the local arrangements, it has not been necessary to convene a meeting of a Hearing Panel.

Independent Persons

14. The role of the IPs is to represent the public interest. The Term of Office for Mr Bob Brown commenced on 10 July 2021 for four years and consequently expires in July 2025. The Term of Office for Mrs Rose Durban commenced on 17 December 2019 for four years and consequently expires in December 2023. IPs can only serve a maximum 8 years before they are considered no longer “independent”.
15. The IPs also have a statutory role under the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 concerning disciplinary procedures that involve one of the three statutory Local Government post-holders; these posts being the Head of Paid Service, Section 151 Officer and Monitoring

Officer. A decision to make a binding recommendation on disciplinary action against a statutory post-holder will be taken transparently by full Council, who must consider any advice, views or recommendations from an independent panel, of at least two persons, comprising the IPs appointed under section 28(7) of the Localism Act 2011.

16. An IP CANNOT be:

- (i) a Member, Co-opted Member or officer of the authority,
- (ii) a Member, Co-opted Member or officer of a Parish or Town Council of which the authority is the principal authority, or
- (iii) a relative, or close friend, of a person within sub-paragraph (i) or (ii) above.

Parish and Town Council Representatives

17. Rother District Council is the principle authority for the 32 Parish and Town Councils across Rother and as such, is responsible for elements of the Standards regime, including the “arrangements” that are put in place for the determination of complaints and the registration of parish councillors’ interests.
18. The role of the Parish and Town Council representatives co-opted onto the A&SC are to make sure that the Parish and Town Councils are represented throughout discussions and to give a Parish and Town perspective that may not otherwise be known by the other Members serving on the Committee.

Training and Development Requirements

19. As part of the Council’s commitment to Member training and development, specific Committee training will be provided; this will include specific mandatory audit-related training e.g. Treasury Management, as well as other related training to enable Members to fulfil the A&SC functions.
20. Members are encouraged to raise any individual training needs with either the Committee Chair or the Democratic Services Manager. The Chief Executive, Chief Finance Officer, Director – Place and Climate Change and Heads of Service are available to answer queries and respond to comments pertaining to each agenda and report both prior to and at the meetings.

Conclusion

21. This report outlines the key role and functions of the A&SC.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	External Consultation	No
Environmental	No	Access to Information	No
Risk Management	No	Exempt from publication	No

Interim Chief Executive:	Lorna Ford
Report Contact Officer:	Louise Hollingsworth

e-mail address:	louise.hollingsworth@rother.gov.uk
Appendices:	A Audit and Standards Committee – Terms of Reference and Functions B Decision Making Structure Chart
Relevant previous Minutes:	N/A
Background Papers:	None
Reference Documents:	None

Audit Functions

3.2 Functions and Delegations

Statement of Purpose

When carrying out the Audit functions and delegations, the purpose of the Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

3.3 Audit Activity

- (1) To consider the Audit Manager's annual audit report and opinion, and a summary of internal audit activity.
- (2) To approve the internal audit strategy, plan and monitor performance.
- (3) To consider summaries of internal audit reports setting out the main audit findings and level assurance given to each area reviewed.
- (4) To consider reports from internal audit on agreed recommendations not implemented and consider their impact on the overall control environment.
- (5) To ensure there is an effective working relationship between external audit and internal audit.
- (6) To consider the External Auditor's annual planning letter and comment on the scope and depth of external audit work and ensure it gives value for money.
- (7) To consider the External Auditor's annual governance report regarding issues affecting the control environment and governance reporting.
- (8) To consider the Council's audit risk assessment response to the External Auditor.
- (9) To consider specific reports as agreed with the External Auditor.
- (10) To consider the governance arrangements for the management and monitoring of the Council's significant partnerships and wholly or partly owned council commercial entities.
- (11) To consider and recommend to Council the appointment of one Audit independent person.

3.4 Regulatory Framework

- (1) To maintain an overview of the procurement procedure rules, financial procedure rules and codes of conduct and behaviour (other than the Code of Conduct for Members).
- (2) To review any issue referred to it by the Chief Executive, or any council body.
- (3) To monitor the effective development and operation of risk management and corporate governance in the Council.
- (4) To monitor council policies on 'Raising Concerns at Work' and the anti-fraud and corruption strategy and the Council's complaints process.
- (5) To oversee the production of the Council's Annual Governance Statement and to recommend its adoption.
- (6) To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
- (7) To consider the Council's compliance with its own and other published standards and controls.
- (8) To ensure effective scrutiny of the treasury management strategy and policies.
- (9) To monitor and review the operation of the Constitution to ensure that the aims and principles of the Constitution are given full effect.
- (10) To consider and recommend to Council and proposed changes to the Constitution.

3.5 Accounts

- (1) To review the annual statement of accounts. Specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council. To agree the signing of the accounts following the review.
- (2) Approving the Authority's statement of accounts, income and expenditure and balance sheet or records of receipts and payments (as the case may be). (The Accounts and Audit Regulations).
- (3) To consider the External Auditor's annual audit report on issues arising from the audit of the accounts.

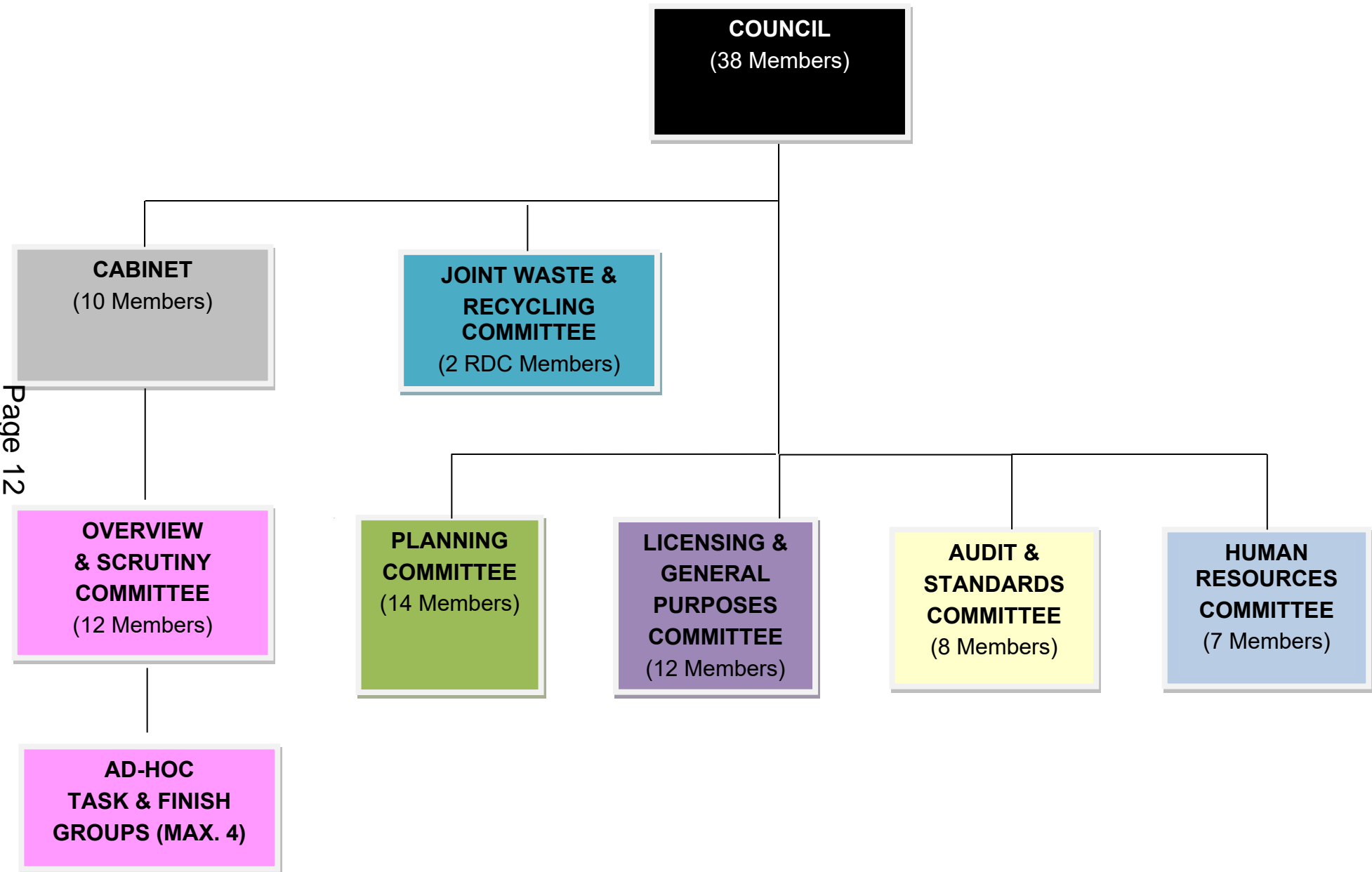
Standards Functions

3.6 Functions and Delegations

- (1) To promote and maintain high standards of conduct by Members and Co-opted Members of the Council. [Section 27(1)]

- (2) To report annually to Full Council on ethical standards matters.
- (3) To consider and recommend to Full Council the Members' Code of Conduct dealing with the conduct expected of Members and Co-opted Members of the Council when acting in that capacity [Section 27(2)] and including provision in respect of the registration and disclosure of
 - a) Pecuniary interest; and
 - b) Interests other than pecuniary interests. [Section 28(2)]
- (4) To consider and recommend to Full Council revisions to the existing Code of Conduct or adopt a replacement Code of Conduct. [Section 28(5)]
- (5) To consider and recommend to Full Council any other code or protocol relating to standards of conduct throughout the Council, including the Member / Officer protocol and the Officer Code of Conduct.
- (6) Duty to put in place arrangements to investigate and make decisions on written allegations that a Member or Co-opted Member of the Council has failed to comply with the Code of Conduct. [Section 28(6)]
- (7) To consider and recommend to Council the appointment of one or more independent persons for the following purposes:
 - a) To give the Council views on any allegations it has decided to investigate, before a decision is reached;
 - b) At the discretion of the Council, to give the Council views on any other allegations; and
 - c) At the discretion of a Member, Co-opted Member or Member of a Parish or Town Council, to give the Member views on any allegations relating to the behaviour of that Member. [Section 28(7)]
- (8) Power to have regard to a Member's or Co-opted Member's failure in complying with the Code of Conduct, in deciding whether to take action in relation to that Member and what action to take.
- (9) To consider and recommend to Full Council the making of Standing Orders to provide for the exclusion of a Member or Co-opted Member of the Council from a meeting while any discussion or vote takes place in which that person may not participate. [Section 31(10)]
- (10) Power to grant a Member or Co-opted Member a dispensation from the restriction on speaking and/or voting when any matter in which that person has a disclosable pecuniary interest is to be considered at a meeting of the Council or any of its committees, sub-committees, joint committees or joint sub-committees. To be exercised by the Monitoring Officer.
- (11) Power to revise and keep under review all other codes and protocols relating to standards of conduct throughout the Council, including the Member / Officer Protocol and the Officer Code of Conduct.
- (12) Overview of complaints handling and Local Government and Social Care Ombudsman investigations, including the power to make payments or other

benefits in cases of maladministration etc. (Section 92 of the Local Government Act 2000).



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Rother District Council

Report to: Audit and Standards Committee

Date: 19 June 2023

Title: Local Government and Social Care Ombudsman
Complaints Monitoring

Report of: Mark Adams, Head of Digital and Customer Services

Purpose of Report: To receive an update on the number of Local Government and Social Care Ombudsman complaints received since the last report in December 2022.

Officer

Recommendation(s): It be **RESOLVED**: That the report be noted.

1. Details of the complaints made to the Local Government and Social Care Ombudsman (LGSCO) are reported to the Committee in June and December each year. Five cases have been determined since the Committee last considered these complaints in December as detailed below:

LGSCO COMPLAINTS		
REFERENCE	DETAILS OF THE ALLEGATION	OUTCOME
22 014 409	Customer alleges the Council has failed to find accommodation for their family despite their imminent eviction	Ombudsman will not investigate – Customer has been offered suitable housing
22 014 387	Customer aggrieved that their collection point for their bins was changed to a location 400m away from their property	Ombudsman will not investigate as there is insufficient evidence of fault
22 015 942	Customer complained on behalf of a Parish Council about the actions of a Councillor during a Planning Committee meeting	Ombudsman will not investigate a complaint about a Councillor
22 014 179	Landlord aggrieved the Council failed to rehouse their tenants after issuing a Section 21 notice and advising the tenant not to leave the property, forcing the landlord to go to court to procure a possession order	Ombudsman will not investigate as unlikely to find fault with the Council's actions
22 015 729	Customer complained the Council failed to enforce a planning legal Section 106 agreement	Ombudsman will not investigate this complaint as there is no evidence of fault

2. A total of five complaints were made to the LGSCO covering the period 11 November 2022 to 24 May 2023:
- 0 was upheld (Councils actions were at fault).

- 0 were not upheld (No fault found in the Councils actions).
- 5 cannot be investigated.

Details of these complaints have been published on the LGSCO's website:
<https://www.lgo.org.uk/decisions>

3. Rother received 69 non-ombudsman complaints from 11 November 2022 to 24 May 2023 of which:
- 25 of these were non-complaints (treated as department service request)
 - 17 were resolved at initial stage (non-formal complaint resolution)
 - 23 were Stage 1 complaints
 - 4 were Stage 2 complaints
 - 0 were treated as vexatious

NON-OMBUDSMAN COMPLAINTS			
REFERENCE	DETAILS OF THE ALLEGATION	OUTCOME	DEPARTMENT
STAGE 1-5478	Customer unhappy with the issue of a fixed penalty notice (FPN) for littering	Closed at initial stage – Resolved FPN issued incorrectly and revoked	Environmental Services, Licensing & Community Safety
STAGE 1-0395	Customer unhappy with remedy to issues raised to their Housing Association (HA) regarding mould and water ingress	Closed at initial stage – Resolved. Previously investigated in 2020 remedy action taken by HA with housing ombudsman involvement	Environmental Services, Licensing & Community Safety
STAGE 1-5908	Bin not emptied	Closed at initial stage - Resolved	Waste
STAGE 1-5502	Bin not returned to safe location as placed in dangerous position obstructing pathway	Closed at initial stage - Resolved	Waste
STAGE 1-3039	Bin not emptied as marked as contaminated with DIY /building waste	Closed at initial stage - Resolved	Waste
STAGE 1-8400	Customer unhappy with how a customer services officer dealt with their enquiry	Closed at initial stage – Resolved Customer spoken to and management addressed with officer	Customer Services
STAGE 1-1831	Complaint regarding Housing Register Banding	Closed at initial stage – Resolved – customer advised of banding review process rather than complaint and	Housing

NON-OMBUDSMAN COMPLAINTS			
REFERENCE	DETAILS OF THE ALLEGATION	OUTCOME	DEPARTMENT
		customer band amended to B	
STAGE 1-8565	Customer aggrieved that second bin has been removed by Biffa when it has previously been authorised	Closed at initial stage – Resolved – Contractor made an error to remove. Second bin reinstated	Waste
STAGE 1-1467	Complaint regarding the location of the Temporary Accommodation (TA) being too far away from their children’s school	Closed at initial stage – Resolved – alternative TA secured closer to school as soon as it became available	Housing
STAGE 1-8665	Recycling Bin not emptied	Closed at initial stage - Resolved	Waste
STAGE 1-3744	Delays in provision of a large communal Bin	Closed at initial stage – Resolved – supplier delay caused long wait times (replacement took 3 weeks vs 2 week lead time)	Waste
STAGE 1-6000	Bin lid not closed following emptying allowing rainwater to collect inside the bin	Closed at initial stage – Resolved – addressed with Biffa supervisor	Waste
STAGE 1-4491	Customer has an assisted waste and recycling collection and their waste bin keeps not being returned to the agreed location on their property. Recycling and Garden Waste assisted collections working as expected.	Closed at initial stage – Resolved - addressed with Biffa supervisor to monitor crew behaviour on waste collections.	Waste
STAGE 1-8372	Customer aggrieved following RDC ending its homelessness duty.	Closed at initial stage – Resolved - Customer advised of statutory review process to challenge a housing decision	Housing
STAGE 1-1280	Customer aggrieved regarding not being entitled to Council Tax Reduction following retrospective changes by Universal Credit (UC)	Closed at initial stage – Resolved – Explained process of income and assessment is based on UC entitlement	Council Tax Reduction

NON-OMBUDSMAN COMPLAINTS			
REFERENCE	DETAILS OF THE ALLEGATION	OUTCOME	DEPARTMENT
STAGE 1-8079	Customer unhappy with the email response time following the submission of a contact us web enquiry form with the open/closed status displayed on the customers MyRother account not reflecting progress or act as a tracker	Closed at initial stage – Resolved Explained to customer the status of a contact us request does not act as a progress tracker. Response delay apologised for	Planning
STAGE 1-6005	Customer aggrieved with delay in planning decision which was refused	Closed at initial stage – Resolved – planning application process explained and advised of appeal rights. Application was determined in two months	Planning
STAGE 1-2003	Bin not being returned by crew – ongoing issue since October 2022	Upheld – addressed with Supervisor at Biffa regarding crew behaviour. Situation resolved and being monitored	Waste
STAGE 1-7129	Customer aggrieved with the way their Housing Officer spoke to them	Upheld – Management addressed this with Housing Team	Housing
STAGE 1-6924	Private Sector Housing complaint regarding issue with property that caused injury to their son as their Landlord refused to take action to remedy alleged safety issue	Not Upheld – Property assessed to contain a category 2 hazard and Landlord agreed to take remedy measures	Environmental Services, Licensing & Community Safety
STAGE 1-7846	Customer aggrieved at the waiting time to be placed in social housing – waited 18 months	Not Upheld – Allocations process explained, and timeframe based on banding with alternatives offered including rent in advance /deposit to secure private rental sector property	Housing
STAGE 1-7131	Customer aggrieved with the alleged poor quality of works undertaken following the award of a	Not Upheld – work inspected and tested by engineer and	Housing

NON-OMBUDSMAN COMPLAINTS			
REFERENCE	DETAILS OF THE ALLEGATION	OUTCOME	DEPARTMENT
	Disabled Facilities Grant (DFG)	signed off with no defects	
STAGE 1-4813	Customer aggrieved with their housing banding and consequence of not accepting the housing offer	Not Upheld – Housing duty explained to customer following refusal of suitable housing offer	Housing
STAGE 1-3194	Planning enforcement delay and alleged lack of action	Not Upheld – formal planning enforcement not undertaken as justified under paragraph 59 of the National Planning Policy Framework	Planning
STAGE 1-8324	Customer aggrieved with the granting of a planning application that will directly impact them	Not Upheld - explained planning decision process	Planning
STAGE 1-7805	Customer aggrieved that a planning application was given delegated officer status rather than being called into committee for determination	Not Upheld- explained process of how planning decision are determined and confirmed this application was not called in by Members	Planning
STAGE 1-2471	Customer aggrieved with the non-granting of a planning application and delayed appeal hearing	Not Upheld – Explained the timeframe for an appeal is outside the Council's control	Planning
STAGE 1-2616	Customer aggrieved with the granting of a planning application	Not Upheld – confirmed decision based on national and local planning policy	Planning
STAGE 1-8854	Customer aggrieved with the granting of a planning application and the impact this will have on them	Not Upheld - confirmed decision based on national and local planning policy	Planning
STAGE 1-3135	Customer aggrieved with the planning refusal decision and not to revoke a Tree Preservation Order on their land	Not Upheld - confirmed decision based on national and local planning policy and outlined appeal rights in relation to the decision	Planning

NON-OMBUDSMAN COMPLAINTS			
REFERENCE	DETAILS OF THE ALLEGATION	OUTCOME	DEPARTMENT
STAGE 1-8868	Customer aggrieved with the granting of a planning application	Not Upheld – confirmed decision based on national and local planning policy	Planning
STAGE 1-5388	Customer aggrieved with the planning enforcement action	Not Upheld - formal planning enforcement not undertaken as justified under paragraph 59 of the National Planning Policy Framework	Planning
STAGE 1-3585	Customer unhappy with the delay in processing rent in advance and deposit which resulted in the loss of securing a private rental property	Partially Upheld – the affordability checks prevented the deposit and rent in advance from being granted however there was a delay in communicating this	Housing
STAGE 1-4165	Customer notified change of use for agricultural property which they alleged was not handled correctly which caused delays and planning notices incorrectly displayed	Partially Upheld – customer should not have been charged £96 for change of use. Alleged incorrect handling of application was caused by customer's planning agent	Planning
STAGE 1-5646	Customer unhappy with enforcement action for an outbuilding they felt complied with permitted development	Partially Upheld – planning enforcement actions were correct however the wording in enforcement letter was very heavy handed. Customer has since applied for change of use	Planning
STAGE 1-5791	Customer unhappy with the delay in pre-payment advice as response not received within 20 working days	Partially Upheld – customer's expectations were not managed correctly and should have explained there would be a slight delay in response. Pre-application advice missed deadline by 10 days	Planning

NON-OMBUDSMAN COMPLAINTS			
REFERENCE	DETAILS OF THE ALLEGATION	OUTCOME	DEPARTMENT
STAGE 1-0953	Customer aggrieved with lack of planning enforcement action	Partially Upheld – formal planning enforcement not undertaken as justified under paragraph 59 of the National Planning Policy Framework. A more in-depth explanation was required to help the customer understand the decision	Planning
STAGE 1-1132	Customer unhappy with the way planning enforcement dealt with their report for an alleged breach in planning control	Partially Upheld – formal planning enforcement not undertaken as justified under paragraph 59 of the National Planning Policy Framework. The officer did use incorrect reference to the category of enforcement and relevant case law	Planning
STAGE 1-8415	Customer alleges they were incorrectly advised there was no pre-application service following the submission of two different types of application to which both were refused and wasted their time and expense	Partially Upheld – Communication opportunities missed should have advised customer of pre-application advice	Planning
STAGE 2-58835	Customer aggrieved following refusal of a lawful development certificate followed by a full planning application	Partially Upheld – Communication opportunities missed. Customer to be offered use of pre-application service	Planning
STAGE 2-4160	Customer aggrieved with the handling of their pollution complaint (noise and environmental)	Partially Upheld – pollution complaint was fully investigated but communication improvements needed to update and manage expectation	Environmental Services, Licensing & Community Safety

NON-OMBUDSMAN COMPLAINTS			
REFERENCE	DETAILS OF THE ALLEGATION	OUTCOME	DEPARTMENT
STAGE 2-2506	Customer aggrieved regarding the outcome of a planning enforcement complaint	Not Upheld – enforcement not undertaken as justified under paragraph 59 of the National Planning Policy Framework	Planning
STAGE 2-5016	Customer aggrieved regarding the outcome the planning enforcement of a Section 106 legal agreement	Not Upheld – enforcement not undertaken as justified under paragraph 59 of the National Planning Policy Framework.	Planning

4. A total of 32 Stage 1 Complaints of which:

- 10 were resolved at initial stage
- 2 were upheld
- 13 were not upheld
- 7 were partially upheld

A total of four Stage 2 Complaints of which:

- 0 were upheld
- 2 were not upheld
- 2 were partially upheld

	AVERAGE RESPONSE TIME (DAYS)	MAX TIME (DAYS)
Stage 1	18	97
Stage 2	25	42

Conclusion

5. The Committee is asked to note the report.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	External Consultation	No
Environmental	No	Access to Information	No
Risk Management	No	Exempt from publication	No

Interim Chief Executive:	Lorna Ford
Report Contact Officer:	Mark Adams, Head of Digital and Customer Services
e-mail address:	mark.adams@rother.gov.uk
Appendices:	None

Relevant Previous Minutes:	AS22/38
Background Papers:	None
Reference Documents:	None

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Rother District Council

Report to:	Audit and Standards Committee
Date:	19 June 2023
Title:	Code of Conduct Complaints Monitoring and Other Standards Matters
Report of:	Lorna Ford, Monitoring Officer
Purpose of Report:	To receive an update on the number of complaints received and processed and other standards related matters since the last report in December 2022.
Officer	
Recommendation(s):	It be RESOLVED : That the report be noted.

Introduction

1. This routine report sets out details of the complaints received and processed since the Committee's last meeting held in December 2022 where complaints were considered; as agreed by the Committee, this report presents cases on a six-monthly rolling basis. It also advises the Committee of other standards related matters arising since the Committee's last meeting.

Complaints Received

2. Since the last meeting there have been six new Code of Conduct (CoC) complaints concerning one District Councillor (involving two complaints) and four Parish Councillors; of the six cases, one was dismissed (C22-16), four other local resolutions involving apologies, facilitated meetings, advice and guidance and consultancy (C22-14, C22-15, C22-17, C22-18) and one refusal to co-operate with requested local resolution (C22-19) which was not resolved. The view of one (or both) of the Council's Independent Persons (IP) was sought and concurred with the proposed action in each case; brief details of each case are provided at Appendix 1.
3. There are two further cases that are outstanding (C22-10 and C22-10B) which were referred for investigation last year, concerning a District Councillor. The outcome of which is still awaited and until such times as the final report has been received, no further details will be disclosed.
4. During this time, I have also received three non-valid complaints against three Rother District Councillors for actions undertaken in their private lives and not whilst conducting the business of the authority.

Northiam Parish Council Update

5. Following a number of complaints originating from Northiam Parish Council (NPC), it was advised at the December meeting that Rother District Council had commissioned external consultants to work with NPC and work through the issues that were currently giving rise to the copious complaints. The first phase of the consultancy took place earlier this year and the Monitoring and Deputy

Monitoring Officer attended a meeting at NPC on 1 March 2023 where the preliminary findings were presented by the consultants. NPC received the preliminary findings in a positive and constructive manner, with all good intentions to work together post the elections for the benefit of the community they serve.

6. The timetable for the work was unfortunately delayed due to the timing and outcome of the elections. The final report was sent to the Parish Council on 22 May with the expectation that the report is discussed in full by the Parish Council and made available on their website and a plan developed to implement its recommendations.
7. A full update, including a copy of the report and NPC's resulting plan will be reported to this Committee later in the year. The report is considered extremely comprehensive and it is hoped that this provides the new NPC a framework within which to move forward.
8. The cost of the consultancy was £9,960 which was met by Rother District Council, with NPC paying the consultant's expenses of £2,342.52.

Other Standards Matters

New Code of Conduct

9. Following this Committee's endorsement and subsequent approval by full Council at its meeting held on 24 May 2023, the Council has now adopted a new Code of Conduct, based on the Local Government Association's (LGA) model. It is considered that the new Code is easier to understand and interpret, by officers, Members and the public, and is accompanied by training resources, provided by the LGA.

Training

10. Rose Durban, one of our Independent Persons (IPs), attended an in-person conference for IPs on 19 April 2023 in London and is due to meet with the Monitoring Officer (MO) and Deputy to consider the feedback and any proposed resulting change in practice. The session covered the role of IPs, best practice in case handling and understanding the difficult areas.
11. As this is an election year, there are several standards related training sessions within the Induction Programme, the first one being held just prior to this meeting concerning the Code of Conduct and Complaints Procedures for Members of the Committee only. There is also a session on the Code of Conduct for all Members on 3 July 2023.

Risk Management

12. The Audit and Standards Committee has a duty to promote and maintain high standards of conduct by Members and co-opted Members of the Council. Monitoring the number of complaints received and the nature of the complaints will enable the Committee to identify any trends and make recommendations for additional training and guidance as appropriate. Failure to do so could result in poor Member conduct, an increase in complaints administration and reputational damage for the Council.

Conclusion

13. The Committee is asked to consider the report and agree any additional recommendations as appropriate.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	Consultation	No
Environmental	No	Access to Information	No
Risk Management	Yes	Exempt from publication	No

Deputy Chief Executive:	Lorna Ford, Interim Chief Executive and Monitoring Officer
Report Contact Officer:	Lisa Cooper, Democratic Services Manager and Deputy Monitoring Officer
e-mail address:	lisa.cooper@rother.gov.uk
Appendices:	Appendix 1 – Member Complaints Summary
Relevant Previous Minutes:	None.
Background Papers:	None.
Reference Documents:	None.

MEMBER CODE OF CONDUCT COMPLAINTS SUMMARY SHEET

REF	DATE RECEIVED	COMPLAINANT	SUBJECT MEMBER	NATURE OF COMPLAINT, DECISION AND COMMENT
C22-14	17/11/22	Member of the public	Parish Councillor	<p>Complaint: Allegation of total lack of respect shown to the Clerk, Chair and residents at a recent council meeting.</p> <p>Decision: Local Resolution – initially the Parish Councillor was requested to apologise for the actions that gave rise to this complaint. This was not accepted by the Subject Member, and it was therefore agreed to resolve this complaint as part of the consultancy work already commissioned. The Subject Member has subsequently resigned from being a Parish Councillor and did not seek re-election in May this year.</p> <p>Outcome / Comment: The outside consultancy has commenced work and will look to conclude in May 2023, after the local elections.</p>
C22-15	1(1) and 5(2)/12/22	Parish Councillor (1) and member of the public (2)	Town Councillor	<p>Complaint: Failing to register and declare a personal and prejudicial interest when taking part in the discussion and vote for a grant to an organisation of which they were a Member; failing to declare interest on their Register of Interests.</p> <p>Decision: Local Resolution – other action.</p> <p>Outcome / Comment: The Councillor did not benefit personally from the decision, they took steps after the incident to update their Register of Interests and take advice concerning interests. Erroneous minutes of the meeting were subsequently corrected.</p>
C22-16	12/12/22	Member of the public	Town Councillor	<p>Complaint: Mis-use of confidential information to question the complainant on social media as to whether they were considering standing as a Town Councillor to fill a casual vacancy and that this scuppered the complainants' quest to be co-opted.</p> <p>Decision: Complaint dismissed.</p>

REF	DATE RECEIVED	COMPLAINANT	SUBJECT MEMBER	NATURE OF COMPLAINT, DECISION AND COMMENT
				Outcome / Comment: There had been no disclosure of confidential information, the complaint was trivial and had an element of political motivation.
C22-17	21/12/22	Member of the public (business owner)	Rother District Councillor	<p>Complaint: The Councillor shared a social media post and question a business owner as to whether they had supported a local Christmas event.</p> <p>Decision: Local Resolution – other action.</p> <p>Outcome / Comment: The Complainant and the Subject Member attended a facilitated meeting held with one of the Independent Persons and resolved the complaint.</p>
C22-18	15-16-17/01/23 27/01/23	4 members of the public	Town Councillor	<p>Complaint: Inappropriate “pun” made on a social media discussion; alleged lack of respect and bullying during social media debating / interactions with local residents.</p> <p>Decision: Local Resolution – other action.</p> <p>Outcome / Comment: The Subject Member provided a sincere apology to the main complainant and received further guidance and support concerning the use of social media.</p>
C22-19	13/02/23	Member of the public	Rother District Council	<p>Complaint: Alleged lack of respect on social media with local resident.</p> <p>Decision: Local Resolution – other action.</p> <p>Outcome / Comment: The Subject Member refused to provide an apology to the complainant and offered a face to face meeting which was declined by the complainant. The Subject Member did attend a briefing session on the use of social media.</p>

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Rother District Council

Report to: Audit and Standards Committee

Date: 19 June 2023

Title: Draft Annual Report to Council – Ethical Standards Matters

Report of: Lorna Ford, Monitoring Officer

Purpose of Report: To consider the draft report to full Council setting out a summary of the ethical standards matters considered by this Committee in the preceding 12 months.

Officer

Recommendation(s): It be **RESOLVED:** That

- 1) this Committee’s annual report be made to the July meeting of full Council each year;
- 2) the contents of the draft report be approved for submission to full Council; and
- 3) the Chair be authorised to approve the final draft in consultation with officers for submission to full Council.

Introduction

1. As a new requirement in the Constitution, this report brings forward a summary of the ethical standards matters that have been considered by this Committee during the preceding 12 months, for onward submission to full Council, with the intention of raising the profile of such matters.
2. The Audit and Standards Committee usually considers standards related matters at its meetings held in June and December each year.
3. The Members appointed to the Committee during 2022/23 were: Councillors Drayson (Chair), Thomas (Vice-Chair), Barnes, Mrs Barnes, Courtel, Harmer (ex-officio as Chair of Council), Mrs Kirby-Green, Langlands and Madeley.
4. The Council’s two Independent Persons (IPs), namely Mrs Rose Durban and Mr Bob Brown, appointed in accordance with the Localism Act to support the Council’s Standards regime and the two Parish and Town Council representatives, namely Mrs Wendy Miers (Dallington Parish Council) and Keith Robertson (Catsfield Parish Council) also form part of the Committee when discussing standards related matters.

New Code of Conduct

5. Following consideration of the Government’s response to the Committee on Standards in Public Life’s (CSPL) review of ethical standards, the Audit and Standards Committee considered again whether the Council should adopt the Local Government Association’s (LGA) model Code of Conduct (CoC). In the interim, it was recommended to Council and agreed in December 2022 that the scope of complaints be widened to specifically mention social media communications, posts, statements and comments.

6. Following a review, the Committee decided to recommend to Council that the LGA's model CoC should be adopted, and this was duly approved by Council at the meeting held on 24 May 2023.
7. It is hoped that Members will find the new CoC, which includes references to social media, easier to understand, as well as being easier for officers to interpret and provide guidance and advice on Code matters.
8. Whilst the Government has agreed to look at several issues because of the CSPL's review recommendations, overall, it seems that there will be no fundamental changes to the current decentralised approach and available sanctions for Members who have been found to have breached the CoC for the foreseeable future.

Elected Member Complaints

9. The Committee receives a summary report of the number and type of complaints that have been processed at each meeting, together with the outcome; the table below sets out the number, type and nature of complaints received in the 2022/23 civic year. A database of complaints will be established to enable a more detailed analysis in future years.

	District Councillors	Parish / Town Councillors
Number of Complaints	11	13
Initial Assessment:		
Dismissed	3	1
Local Resolution	6	10
Referred for Investigation	*2	2
Outcome of Investigation:		
Dismissed		1
In Breach – resulting in:		
Local Hearing		
Local Resolution		
Other (resignation)		1

*final reports still awaited.

10. The complaints received covered a range of behaviours including disclosure of confidential information, bullying and harassment, lack of respect, misuse of position, non-declaration of interests and bias and disrepute. Not all complaints were resolved to the satisfaction of the complainant nor Subject Member. In two cases, an IP facilitated meeting was held between the parties to come to agreed resolutions. Only one such meeting was successful. One IP has also been consulted for their views by an external consultant undertaking an initial assessment into a complaint.

11. In monitoring the complaints, the Committee considers whether there are any emerging patterns and whether there are any specific training needs that can be met to address the common issues.

Member Training

12. During 2022 several training sessions were held. In May 2022, Bexhill on Sea Town Council received training on their Code of Conduct (LGA model); this session was well attended and received.
13. The MO and Deputy MO provided two on-line training sessions based on the Local Government Association's (LGA) Model Code of Conduct with the Parish and Town Council across the district. Despite only 8% attendance, feedback indicated that attendees found the session to be useful and informative.

Officer / IP Training

14. The Monitoring Officer and Deputy Monitoring Officer have attended a number training events during 2022/23 including attendance at two remote training sessions on the CoC; disrespect; declarations; sanctions; and working with parish and town councils (P&TCs).
15. The IPs have also attended a remote conference in June 2022 as well as an in-person session on 19 April 2023 in London.

Review of the Arrangements for Handling Complaints Against Elected Members

16. In December 2022 the Committee considered and agreed several amendments to the Council's Arrangement for Dealing with Member Complaints, and consequential amendments to the Investigations and Hearings Procedures.
17. The amendments clarify the role of the Independent Persons (IPs) in complaint handling in light of experience and advice received from leading consultants in the field of ethics and standards and knowledge gained at training events.
18. It has now been made clear in our procedures that a discussion with an IP will only be offered to a Subject Member (SM) (the Councillor against whom a complaint has been made) if the complaint against them is referred for an investigation and not at the initial assessment stage. It has also been made clear that the role of the IP is not to provide legal advice or to represent the SMs and that only one IP will be used throughout each case.

Independent Persons Comments

19. The IPs have reviewed this report and are satisfied that the content is an accurate representation of the ethical issues the Council has covered in the last 12-month period.

Conclusion

20. The production of this annual report is a new requirement in the Constitution. It is recommended that the annual report is considered each year at the June meeting of the Committee to enable the report to be presented to the July full Council meeting each year. The Annual Council meeting in May each year

receives annual reports from the Overview and Scrutiny Committee and Member Development Task Group, as well as conducting the ceremonial matters and the importance of this annual report could become diluted if it were presented at the Annual Council meeting.

21. Members are asked to consider this draft annual report, make any suggestions for content / amendments and authorise the Chair to approve the final draft in consultation with the officer for submission to full Council.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	Consultation	No
Environmental	No	Access to Information	No
Risk Management	Yes	Exempt from publication	No

Deputy Chief Executive:	Lorna Ford, Interim Chief Executive and Monitoring Officer
Report Contact Officer:	Lisa Cooper, Democratic Services Manager and Deputy Monitoring Officer
e-mail address:	lisa.cooper@rother.gov.uk
Appendices:	None.
Relevant Previous Minutes:	None.
Background Papers:	None.
Reference Documents:	None.

Rother District Council**Report to:** Audit and Standards Committee**Date:** 19 June 2023**Title:** Internal Audit – Annual Report and Opinion 2022/23**Report of:** Audit Manager**Purpose of Report:** To summarise the work undertaken by Internal Audit in 2022/23; to report on the Internal Audit Team's performance during the year; and to provide an opinion on the Council's control environment based on the results of the Internal Audit work.**Officer****Recommendation(s):** It be **RESOLVED:** That:

- 1) Internal Audit's activity and performance in 2022/23 be noted; and
- 2) the Audit Manager's opinion on the control environment (paragraph 40) be approved.

Introduction

1. The Council is required to ensure that it has reliable and effective internal control systems in place. The adequacy of these systems is tested by both Internal and External Audit.
2. To be effective, Internal Audit must be (and be seen to be) independent from the activities it evaluates. Rother's Internal Audit Service achieves this by operating as an independent unit within the Deputy Chief Executive's Directorate. It has unrestricted access to Senior Management; reports in its own name; and has no managerial responsibility for any of the systems it reviews. This enables Internal Audit to provide independent and objective assurance when reporting on the Council's activities.
3. In the year up to 31 March 2023, Internal Audit has operated in accordance with the Public Sector Internal Audit Standards (hereafter referred to as 'the Standards'). It is a requirement of the Standards that we report to the Audit and Standards Committee on audit matters and any emerging issues, not only in relation to audit but risk management and corporate governance.
4. In line with the Standards, the Audit Manager is expected to present an annual report on the performance of the Internal Audit Service and to provide an overall opinion on the Council's control environment.
5. The annual report must incorporate:
 - the opinion;
 - a summary of the work that supports the opinion; and

- a statement on conformance with the Standards and the results of the Quality Assurance and Improvement Programme.

Summary of Activity in Quarter 4

6. Five audit reviews were completed in the final quarter of 2022/23. An overview of the findings arising from these audits is given in Appendix A.
7. All of these audits provided substantial assurance on the overall governance arrangements.

Overall Performance in 2022/23

8. Appendix B provides a summary of all audit reports completed in 2022/23, the level of compliance and assurance rating for each review, and the overall performance of the Internal Audit Team against the plan. NB – The details of all audit reports issued in the first three quarters of 2022/23 have already been reported to this Committee at previous meetings.
9. This summary shows that only 73.6% of the 2022/23 Audit Plan was completed. Whilst this may seem like a disappointing result when compared to our performance in previous years, this needs to be viewed in light of the challenges faced by the Internal Audit Team during the year. For example, we encountered a higher than usual volume of the audits with serious control issues which led to audit overruns, and our progress in the second half of the year was hampered by long term absences both inside and outside of the Internal Audit Team. Three planned audits had to be dropped in order to accommodate this situation (see Appendix B for further information) and two Governance audits (Debtors and ICT Governance) were still in progress at the end of the financial year.

Review of Capital Projects

10. At the Audit and Standards Committee meeting on 5 December 2022, Members requested that the Council carry out an urgent review of all Capital Projects in light of the current financial situation. Following on from the information reported at the last meeting, the Director – Place and Climate Change has now provided a more detailed update on the current position of all projects in the Capital Programme. This can be found in Appendix C.

Implementation of Audit Recommendations

11. Each quarter, Members are updated on the progress made on implementing the audit recommendations reported at previous meetings. Appendix D shows a summary of the current position.

Old Years: Audit recommendations made in 2018/19 (2) and 2021/22 (5)

12. The number of old year recommendations has only reduced by one since the last quarter, meaning there are seven recommendations currently outstanding.
13. In line with Members' wishes, those officers with longstanding recommendations which showed little or no signs of movement in the last nine months were asked to give reasons for the delay. However, the very act of

escalating the matter, first to the Senior Leadership Team, and then to Members, appears to have had the desired effect of motivating some officers to take action where no progress had previously been made.

14. An update on the two longest outstanding recommendations, one of which (Procurement) has shown some recent movement, is provided in Appendix D. An update on the 2021/22 Estates Income recommendation is also given as the Audit Manager is concerned the focus has been on replacing the ePIMS asset management system with an in-house solution, rather than updating and maintaining the tenancy records as per the audit recommendation.

Latest Year – Audit recommendations made in 2022/23 (up to 31 December 2022)

15. Steady progress continues to be made on the 2022/23 recommendations, with three quarters of them already implemented and work underway in most of the remaining cases.

Counter Fraud Work

16. In addition to compliance work, Internal Audit also allocates time each year to undertake counter fraud duties. This work primarily focuses on council tax and business rates and the Community Infrastructure Levy (CIL). However, before any savings/additional income can be realised we are reliant on colleagues in Revenues and Benefits, and Planning to follow up the cases we have referred to them. A total of 20 cases were referred for further investigation in 2022/23 (14 council tax and business rates and 6 CIL) but this has only generated £5,588 worth of additional income to date as the majority of the cases are yet to be pursued. None of the council tax and business rates cases referred were concluded during the year due to a combination of resourcing issues (now resolved) and a marked increase in the time taken by the Valuation Office Agency (VOA) to band/rate properties. The need to take action on CIL referrals has also been an issue for some time but Planning are now starting to address this point. We are therefore hopeful that the savings/additional income generated in the next financial year will be far greater because of all the referrals in the pipeline.
17. The Audit Manager also coordinates the annual National Fraud Initiative (NFI) data matching exercises. However, this work did not result in any financial savings in 2022/23.

Other Financial Savings

18. In addition to providing management with assurance on the adequacy of its control environment, routine audit work can also sometimes highlight financial errors which can result in savings (or increased income) once corrected. Savings totalling £50,320 were identified in 2022/23. This figure is mostly comprised of two items; one in respect of a CIL liability notice which had been overlooked (£28,795) meaning that no demand notice was produced upon commencement of works; the other was an error found at the Payroll audit regarding an overpayment of the pension contributions to East Sussex County Council (£19,400). Both issues have since been rectified.

Risk Management Co-ordination

19. The Audit Manager was responsible for facilitating all strategic risk management activity in 2022/23. This included maintaining the Risk Management Policy and collating and reporting on updates to the Corporate Risk Register. It did not, however, include any responsibility for identifying and managing the risks he reported on. This remained with Senior Management throughout so as not to compromise the Audit Manager's operational independence or prejudice his ability to provide an objective opinion on the Council's control environment.
20. During the year the Audit Manager (with the assistance of Zurich Municipal), oversaw a number of improvements to the format and scoring of the Corporate Risk Register, and completely revised and updated the RDC Risk Management Policy which now includes consideration of risk appetite for the very first time.
21. With effect from April 2023, the role of Risk Management Co-ordination passed to the Corporate Programme and Improvement Manager who hopes to further enhance the Council's risk management processes by building on the progress made to date.

Quality Assurance and Improvement Programme

22. The Audit Manager is required to develop and maintain a Quality Assurance and Improvement Programme in order to evaluate the Internal Audit Team's conformance with the Standards, to assess the efficiency and effectiveness of all Internal Audit activity and to identify opportunities for improvement.
23. The proficiency, effectiveness and quality of the Internal Audit Team is monitored and improved through:
 - annual self-assessments (Review of Internal Audit)
 - 5-yearly external quality assessment (or Peer Review)
 - supervision and the review of all Internal Audit output
 - obtaining client feedback
24. The Audit Manager's latest self-assessment of his Team's compliance with the Standards (Review of Internal Audit 2022/23) was approved by Members on 30 March 2023 (Minute AS22/59 refers). The review identified no new action points for 2023/24 and concluded that there is a high level of effectiveness overall.
25. The Team's first Peer Review was completed in April 2017 and a further review has recently been undertaken, the detailed findings of which are reported elsewhere on this agenda. However, no significant issues were found at either review, and both concluded that Rother Internal Audit Service "generally conforms" with the Standards.
26. Quality assurance questionnaires are used to capture client feedback. Two different questionnaires are currently used: one to obtain immediate feedback from line management at exit meetings (once the fieldwork is complete and draft audit report has been issued and discussed); and the other to get the Service Manager's overall opinion on the quality of all audit reports issued to them in the previous quarter. Questionnaire recipients are invited to rate the service

provided as either 'good', 'fair' or 'poor' and are also encouraged to comment where improvement is required.

27. A summary of the responses received in 2022/23 is shown in the table below.

Questionnaire Type	Responses to Individual Questions					
	Good		Fair		Poor	
Exit Meeting (Line Manager)	51	91%	5	9%	0	0%
Service Manager Meeting	41	98%	1	2%	0	0%
Totals	92	94%	6	6%	0	0%

28. All of the feedback received was positive indicating a high level of satisfaction with the quality of the Internal Audit Service.

Performance Measures

29. The Audit Manager closely monitors the performance of the Internal Audit Team throughout the year to ensure that agreed targets are achieved. The table below shows the performance indicators and targets for 2022/23 together with the actual results for the year.

Performance Indicator	Target	Actual
Audit Plan – Percentage of governance audits completed.	100%	66.7%
Audit Plan – Percentage of overall audit plan completed.	90%	73.6%
Audit Assignments – Final reports issued within 15 days of second draft report.	90%	93%
Audit Recommendations – Percentage of "high" risk recommendations accepted by management.	100%	50%*
Satisfaction/Feedback – Overall percentage of customers rating the Internal Audit Service as "Good" or "Fair".	90%	100%

* Only two high risk recommendations were made.

30. This shows that only two targets were met or exceeded on this occasion.
31. The targets for governance audits and overall completion of the audit plan were not met because of the issues already outlined in paragraph 9 above. The target for high risk recommendations was not met because a recommendation made at the Property Investment audit to urgently review the financial viability for the Barnhorn Green site was not accepted by the Director – Place and Climate Change.

Conformance with the Public Sector Internal Audit Standards

32. The results of the 2023 peer review (reported elsewhere on the agenda) and the recent self-assessment exercise performed by the Audit Manager both show that Rother's Internal Audit Service generally conforms with the Public Sector Internal Audit Standards.

Overall Assessment of the Council's Internal Control Systems

33. Under the Accounts and Audit Regulations 2015, ultimate responsibility for maintaining a sound system of internal control rests with the Council, but this has been delegated to the Interim Chief Finance Officer (as Section 151 Officer). The assessment of the control environment is made in two ways, by reviewing the recommendations made in Internal Audit reports and by the production of the Annual Governance Statement. The Annual Governance Statement will be considered by this Committee at its next meeting.
34. The work carried out by Internal Audit in 2022/23 has highlighted concerns in a number of areas, namely; Procurement, Capital Programme, Property Investment, CIL and Public Conveniences Cleaning Contract. The following provides an update on each of these areas.

Procurement – All audit recommendations were accepted but we are unlikely to see any major improvement in compliance with Procurement Procedure Rules until such time all Council employees/agency staff with approval rights have received Procurement training. Some training has been provided since the audit, but most staff are still awaiting the rollout of further training by the East Sussex Procurement Hub.

Capital Programme – Management have given assurance that most of the issues raised at the audit have now been addressed. The level of control exercised over capital expenditure is important and this will continue to be reviewed by Internal Audit as part of the 2023/24 Audit Plan.

Property Investment – A high risk recommendation was made because of concerns about the financial viability of the Barnhorn Green development. However, the need for an urgent and detailed review of this project was not accepted by Senior Management. Consequently, this remains an area of concern.

CIL – A number of the audit recommendations have now been implemented but progress on Internal Audit referrals and drafting a CIL Enforcement Policy has been slow, and late payment interest is yet to be applied.

Public Conveniences Cleaning Contract – All of the issues identified at the audit have now been addressed and this is no longer an area of concern.

35. Whilst many of the above issues have been addressed, some areas of concern remain.

Opinion on the Control Environment

36. All audit reports are given an assurance rating based on the following criteria.

Rating	Description
Good	Strong controls are in place and are complied with.
Substantial	Controls are in place, but improvements would be beneficial.

Rating	Description
Limited	Improvements in controls or in the application of controls are required.
Minimal	Urgent improvements in controls or in the application of controls are required.

37. Limited/minimal assurance ratings are triggered by the presence of either high risk recommendations or five or more medium risk recommendations – which refer to the likelihood and impact of a negative outcome occurring if the expected controls are not in place.
38. In forming an overall opinion, Internal Audit findings need to be set in context and viewed corporately. On the one hand, the summary of the audit reports completed in 2022/23 (Appendix B) shows that five audit reports (33%) received a “limited” assurance rating (which is a significant increase on the previous year, which was already running higher than usual at 15%). On the other, only four of the 64 control objectives examined during the period had not been “met” at least in part.
39. The quarterly Internal Audit activity reports submitted to this Committee have also shown that, with the exception of two audits (i.e. Capital Programme and CIL), the vast majority of the expected controls are in place and most of the “limited” assurance ratings given in 2022/23 were a result of the number of issues found rather than a complete failure of the internal control environment.
40. Taking all of the factors highlighted in this and the quarterly reports into account, the Audit Manager’s overall opinion on the Council’s framework of governance, risk management and control in 2022/23 is therefore that it is adequate and effective. However, concern is expressed that this opinion may change in future years if the number of limited/minimal assurance ratings continue to rise.

Whistleblowing Activity 2022/23

41. An update on the Whistleblowing Policy activity in 2022/23 is provided in Appendix E.
42. In summary, a total of 13 whistleblowing cases were reported to the Audit Manager in 2022/23. As in previous years, the vast majority of these focused on either Benefit/Council Tax Fraud or Housing Issue/Tenancy Fraud. All cases were initially reviewed by the Audit Manager and then either referred to the relevant Council officer for further investigation or reported to the appropriate authority.
43. Further details on the Whistleblowing arrangements can be found on the Council’s [website](#).

Conclusion

44. The Internal Audit Team has had a challenging year but the overall results of its work in 2022/23 have enabled the Audit Manager to give a positive opinion on the Council’s control environment.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	External Consultation	No
Environmental	No	Access to Information	No
Risk Management	No	Exempt from publication	No

Interim Chief Executive:	Lorna Ford
Report Contact Officer:	Gary Angell, Audit Manager
e-mail address:	gary.angell@rother.gov.uk
Appendices:	<p>A – Audit Reports issued during Quarter to 31 March 2023</p> <p>B – Audits Completed in 2022/23 and Overall Performance Against the Audit Plan</p> <p>C – List of Capital Projects and Review Position</p> <p>D – Summary of Progress on Recommendations Made up to 31 December 2022</p> <p>E – Whistleblowing Activity 2022/23</p>
Relevant Previous Minutes:	AS17/14 Internal Audit – Peer Review AS22/59 Review of Internal Audit 2022/23
Background Papers:	None.
Reference Documents:	None.

CREDITORS AUDIT

Service Manager: Antony Baden

Officer(s) Responsible for Implementing Recommendations: Aleksandra Janowicz and Ian Curtis

Overall Level of Assurance: **SUBSTANTIAL**

Purpose and Objectives

The purpose of the audit is to provide organisational and departmental management with an assurance as to the adequacy of the control systems based on compliance with the control objectives set out in the table below.

These objectives are designed to assess the extent to which the organisation meets its legal requirements, its own needs and those of its stakeholders and how the control systems in place contribute to the overall governance arrangements and securing value for money from the Council's services and operations.

Control Objectives

The audit opinion is based on the extent of compliance with the objectives (below), which have either been met in full (**M**), partially met (**P**) or not met (**N**).

Orders and Authorisation – Orders for goods and services are properly raised, authorised and confirmed in accordance with the Financial Procedure Rules.	P
Invoice Processing – Legitimate invoices are promptly paid once the goods or services have been received. Payments are made to the correct supplier for the correct amount.	M
Payment – All payments are properly authorised and run totals agreed.	P
Cheque Control – All cheque usage is controlled and recorded.	N/A
Construction Industry Scheme (CIS) – The Council fully complies with CIS regulations and monitors all qualifying expenditure including spending on capital project building works.	M

NB - Cheque Control was not reviewed in this audit as no cheques for creditor payments have been issued since May 2021.

Level of Assurance

Based on the findings from the audit we have determined that substantial assurance can be given on the governance arrangements.

The main issue found relates to the checking of BACS remittance confirmation reports. Management need to check these reports promptly to allow time for the BACS run to be stopped should there be concerns about the legitimacy of any of the payments included in it. However, the audit found that most reports are either checked after payment has already been made or not at all*. Management now accepts that these

reports should be reviewed as a matter of priority and will take steps to ensure that all future reports are promptly checked by one of the Principal Accountants.

In addition, failure by some departments to raise purchase orders for all goods and services invoiced is still an ongoing issue. Consequently, Payments Officers have now been instructed to insist that a purchase order is raised in support of all invoice payments except those where the supplier’s name is included on the Exempt Suppliers List.

The only other issue found during the audit was minor in nature and was dealt with in the report.

* Resourcing and workload issues have contributed to the failure of this control. The Creditors team has been under-resourced since September 2022 and one of the Principal Accountant posts also became vacant in early November 2022. A replacement Principal Accountant is now in place and a new Trainee Accountant has recently been appointed to ease the pressure on the Creditors team, although she is yet to start work.

Executive Summary

Overall, the control objectives are considered to have largely been met but we have made one medium and three low risk recommendations to management to further enhance the governance arrangements.

Internal Audit Service
January 2023

Levels of Assurance:	
Good	Strong controls are in place and are complied with.
Substantial	Controls are in place, but improvements would be beneficial.
Limited	Improvements in controls or in the application of controls are required.
Minimal	Urgent improvements in controls or in the application of controls are required.

COUNCIL TAX AUDIT

Service Manager: Chris Watchman

Officer(s) Responsible for Implementing Recommendations: Chris Watchman, Clare Watchman and Rebecca Olorunda

Overall Level of Assurance: **SUBSTANTIAL**

Purpose and Objectives

The purpose of the audit is to provide organisational and departmental management with an assurance as to the adequacy of the control systems based on compliance with the control objectives set out in the table below.

These objectives are designed to assess the extent to which the organisation meets its legal requirements, its own needs and those of its stakeholders and how the control systems in place contribute to the overall governance arrangements and securing value for money from the Council's services and operations.

Control Objectives

The audit opinion is based on the extent of compliance with the objectives (below), which have either been met in full (**M**), partially met (**P**) or not met (**N**).

Valuation and Liability – All taxable properties and liable persons are identified, and exemptions, discounts and disregards are correctly applied.	M
Billing – The Council complies with all statutory requirements for tax setting and amounts due in respect of each taxable property have been correctly calculated and payment promptly demanded.	M
Collection and Refunds – There is a sound system for the collection of income and the refund of overpayments.	M
Recovery and Enforcement – All arrears are promptly identified, and effectively pursued in accordance with statutory requirements/laid down procedures. All write-offs are valid and authorised.	P

Level of Assurance

Based on the findings from the audit we have determined that substantial assurance can be given on the governance arrangements.

Two main issues found which relate to:

- **Supervisory checks** – The audit found that reports listing circumstance codes (which can be used to suppress recovery action) had not been closely checked by management for some time. This could mean that cases are missed and recovery action stalls. Management acknowledged that these checks should be more detailed but workload and resources issues within the Revenues team has meant other work priorities have taken precedence. In particular, the Energy rebate scheme, introduced at short notice by government, caused significant additional work and meant that staff needed to be diverted from normal duties. It

is hoped that full checks on these reports will resume once the officer who previously undertook them is well enough to return to work.

- **Write-offs** – Examples were found of write-offs which had not been approved by the Revenues & Benefits Manager in accordance with Financial Procedure Rules. However, the cases highlighted were in respect of Debt Relief Orders where it would be standard practice to write off the debts and all have since been approved.

Other recommendations/advisories were also made regarding a few minor procedural issues to help improve internal control.

Executive Summary

Overall, the control objectives are considered to have largely been met but we have made two medium and three low risk recommendations to management to further enhance the governance arrangements.

Internal Audit Service
March 2023

Levels of Assurance:	
Good	Strong controls are in place and are complied with.
Substantial	Controls are in place, but improvements would be beneficial.
Limited	Improvements in controls or in the application of controls are required.
Minimal	Urgent improvements in controls or in the application of controls are required.

BUSINESS RATES AUDIT

Service Manager: Chris Watchman

Officer(s) Responsible for Implementing Recommendations: Chris Watchman, Clare Watchman and Rebecca Olorunda

Overall Level of Assurance: **SUBSTANTIAL**

Purpose and Objectives

The purpose of the audit is to provide organisational and departmental management with an assurance as to the adequacy of the control systems based on compliance with the control objectives set out in the table below.

These objectives are designed to assess the extent to which the organisation meets its legal requirements, its own needs and those of its stakeholders and how the control systems in place contribute to the overall governance arrangements and securing value for money from the Council's services and operations.

Control Objectives

The audit opinion is based on the extent of compliance with the objectives (below), which have either been met in full (**M**), partially met (**P**) or not met (**N**).

Valuation and Liability – All properties liable for business rates are identified and assessed, and all reliefs and exemptions correctly applied.	M
Billing – Business rates liability is accurately assessed, and correct bills are issued to the occupiers of all rateable hereditaments.	M
Collection and Refunds – There is a sound system for the collection of income and the refund of overpayments.	M
Recovery and Enforcement – All arrears are promptly identified, and effectively pursued in accordance with statutory requirements/laid down procedures. All write-offs are valid and authorised.	P

Level of Assurance

Based on the findings from the audit we have determined that substantial assurance can be given on the governance arrangements.

The main issue found is that reports listing circumstance codes (which can be used to suppress recovery action) are not being closely monitored by management. Leaving a circumstance code in place for longer than necessary can result in follow-up recovery being delayed. This same point was also raised at the latest Council Tax audit. Management acknowledged that these checks should be more detailed but workload and resources issues within the Revenues team has meant other work priorities have taken precedence. In particular, the Energy rebate scheme, introduced at short notice by government, caused significant additional work and meant that staff needed to be diverted from normal duties. It is hoped that full checks on these reports will resume once the officer who previously undertook them is well enough to return to work.

The only other recommendation made concerned a minor procedural issue.

Executive Summary

Overall, the control objectives are considered to have largely been met but we have made one medium and one low risk recommendations to management to further enhance the governance arrangements.

Internal Audit Service
March 2023

Levels of Assurance:

Good	Strong controls are in place and are complied with.
Substantial	Controls are in place, but improvements would be beneficial.
Limited	Improvements in controls or in the application of controls are required.
Minimal	Urgent improvements in controls or in the application of controls are required.

BENEFITS AUDIT

Service Manager: Chris Watchman

Officer(s) Responsible for Implementing Recommendations: Caroline Betts

Overall Level of Assurance: **SUBSTANTIAL**

Purpose and Objectives

The purpose of the audit is to provide organisational and departmental management with an assurance as to the adequacy of the control systems based on compliance with the control objectives set out in the table below.

These objectives are designed to assess the extent to which the organisation meets its legal requirements, its own needs and those of its stakeholders and how the control systems in place contribute to the overall governance arrangements and securing value for money from the Council's services and operations.

Control Objectives

The audit opinion is based on the extent of compliance with the objectives (below), which have either been met in full (**M**), partially met (**P**) or not met (**N**).

New Applications and Changes of Circumstances – All applications are promptly and properly processed.	P
Benefit Assessment – Benefits are properly due and are calculated correctly.	M
Payment – Rent allowances are promptly paid to those for whom they are intended.	Not reviewed
Overpayments – Overpayment of benefit, including those arising from fraud and abuse, are either prevented or identified and promptly followed up. Refunds and write-offs are properly authorised.	M
Reconciliation – Benefit payments are correctly applied and regularly reconciled to the main accounting system.	M
System Administration – The computer system is kept up-to-date and access to benefit records, system parameters and creditor masterfile records are suitably restricted.	M

Level of Assurance

Based on the findings from the audit we have determined that substantial assurance can be given on the governance arrangements.

This assessment reflects the fact that workload and resourcing issues are currently having a negative effect on processing times. This situation is made particularly challenging by the high volume of Universal Credit notifications received each month. No audit recommendation is however made regarding this point as management are already well aware of the issue and are taking steps to address it.

The only other issue found was minor in nature and is dealt with in the report.

Executive Summary

Overall, the control objectives are considered to have largely been met and it was only necessary to make one low risk recommendation to management to further enhance the governance arrangements.

Internal Audit Service
 March 2023

Levels of Assurance:	
Good	Strong controls are in place and are complied with.
Substantial	Controls are in place, but improvements would be beneficial.
Limited	Improvements in controls or in the application of controls are required.
Minimal	Urgent improvements in controls or in the application of controls are required.

PAYROLL AUDIT

Service Manager: Maria Benford

Officer(s) Responsible for Implementing Recommendations: Maria Benford and Kirsty Goldsmith

Overall Level of Assurance: **SUBSTANTIAL**

Purpose and Objectives

The purpose of the audit is to provide organisational and departmental management with an assurance as to the adequacy of the control systems based on compliance with the control objectives set out in the table below.

These objectives are designed to assess the extent to which the organisation meets its legal requirements, its own needs and those of its stakeholders and how the control systems in place contribute to the overall governance arrangements and securing value for money from the Council's services and operations.

Control Objectives

The audit opinion is based on the extent of compliance with the objectives (below), which have either been met in full (**M**), partially met (**P**) or not met (**N**).

Authority for Payment – Pay and related costs are only incurred in respect of staff employed in authorised posts. All payments to new employees are calculated correctly and employees leaving the Council are promptly removed from the live payroll and their final salary payment correctly calculated.	P
Pay Awards and Other Salary Increases – Basic pay is correctly calculated in accordance with local agreements and all subsequent grading changes/increments are formally costed and approved.	M
Other Amendments to Pay – All other variations to pay must be authorised, complete, accurate and not previously processed.	M
Deductions – Statutory deductions are correctly applied, accounted for and paid over to relevant body in accordance with legislation and government/superannuation scheme requirements.	M
Payment – All salaries payments are prepared and issued appropriately.	M
Security of Data – All computer records are protected against unauthorised access.	M

Level of Assurance

Based on the findings from the audit we have determined that substantial assurance can be given on the governance arrangements.

The main issues found relate to:

- **Moratoria of New Posts** – No evidence was seen at the audit to confirm that Senior Leadership Team (SLT) had formally approved two new posts. SLT should formally approve all moratoria for new positions and evidence of approval should be retained on file by Human Resources. The Human Resources Manager advised that the approval of moratoria is currently under discussion at SLT level and this has meant that on occasions the agreed process has not been followed in full. It is hoped that a new process will be agreed later in the year once a new Chief Executive is in post.

- **Starter Salary Checks** - The checking of reports detailing commencing salaries of new starters had lapsed. Monthly reports detailing the starting salaries of all new employees should be checked by Human Resources to confirm they are correct. Following the audit, this important check has now resumed.

The only other issues found during the audit were minor in nature and were dealt with in the report.

Executive Summary

Overall, the control objectives are considered to have largely been met but we have made two medium and one low risk recommendations to management to further enhance the governance arrangements.

Internal Audit Service
 April 2023

Levels of Assurance:	
Good	Strong controls are in place and are complied with.
Substantial	Controls are in place, but improvements would be beneficial.
Limited	Improvements in controls or in the application of controls are required.
Minimal	Urgent improvements in controls or in the application of controls are required.

Audits Completed in 2022/23 and Overall Performance Against the Audit Plan

Audit	Control Objectives (Number)	Control Objectives Met	Control Objectives Met In Part	Control Objectives Not Met	Assurance Rating
Audits Brought Forward from 2020/21 – Total 2, Completed 2 (100%)					
ICT Governance 2021/22	3	1	2	0	Substantial
Payroll 2021/22	6	6	0	0	Good
Governance Audits – Planned 9, Completed 6 (66.7%)					
Benefits	5	4	1	0	Substantial
Business Rates	4	3	1	0	Substantial
Council Tax	4	3	1	0	Substantial
Creditors	4	2	2	0	Substantial
Payroll	6	5	1	0	Substantial
Treasury Management	7	6	1	0	Substantial
High/Medium Risk Audits – Planned 11, Completed 9 (81.8%)					
Building Maintenance	6	5	1	0	Substantial
Capital Programme	4	1	1	2	Limited
Community Infrastructure Levy	7	4	2	1	Limited
Cyber Security	3	1	2	0	Substantial
Homelessness Prevention Initiatives	2	1	1	0	Substantial
Procurement	1	0	1	0	Limited
Property Investment	5	3	1	1	Limited
Public Conveniences Cleaning Contract	4	2	2	0	Limited
Reprographics Sales Income	2	0	2	0	Substantial
Total: 15 Audit Reports (20)	64	40	20	4	
<i>Excluding audits brought forward</i>	100%	62.5%	31.3%	6.2%	
Good/Substantial Assurance	10 (17)		66.7% (85%)		
Limited/Minimal Assurance	5 (3)		33.3% (15%)		
Other Work (No Report Required) – Planned 2, Completed 2 (100%)					
New HR/Payroll System - Consultancy		Consultancy work			
New Initiatives - Audit Advice		Consultancy work			
Audit Work Not Completed at Year End – Total 5					
Debtors 2022/23		Work in progress (92% complete)			
ICT Asset Management		Moved to Audit Plan 2023/24			
ICT Governance 2022/23		Work in progress (30% complete)			
Licensing		Moved to Audit Plan 2023/24			
Main Accounting		No longer required in existing form			
Total Work Planned 2022/23	22 (23)		Percentage of Plan Completed		
Total Work Completed 2022/23 <i>Excluding audits brought forward</i>	16.2 (21)		73.6% (91.3%)		

Previous year's performance italicised and in brackets.

The following information was supplied by the Director – Place and Climate Change on 24/05/23.

Capital Project	Review Position
Acquisitions, Transformation and Regeneration	
Other Schemes	
Corporate Document Image Processing System	A corporate review will need to be undertaken and a program of works scoped to bring the remaining departments onboard. Planning/Environmental Health currently use their own systems. A Corporate Postal Mail Service project is required to scan post that is received at the town hall to make it viewable by all departments - digital mail box. Housing are on the list to transfer over to the corporate document imaging, but this will need to run as a project to scope and then to manage the migration.
Rother Transformation ICT Investment	Costs for digital and cloud are starting to increase particularly cloud data usage & storage (both up and down stream charges). A corporate digital investment programme will be undertaken for all service areas as we look to introduce automation for processes and drive efficiency and reduce error. Key funding purchases are need for software such as process mapping. A new planning system would be required as Ocella is coming to end of life in Jan 2027.
Community Grants	Budget resets each financial year. Monitored grants for the spend against award. Balance offset by Rother Community Lottery Proceeds.
Cemetery Entrance	Project now complete, enabling the CLH project to progress (see row 21). End of defects inspection May 22. Cost of new entrance to be (partly) reconciled by sale of land to Bexhill CLT as per earlier Cabinet authority. Anticipating transfer in next three months. Receipt to RDC is anticipated to be c£87,000.
Development of Town Hall Bexhill	This scheme has been put on hold with projected final spend reported to Full Council. A decision on progression of this scheme will be a matter for the new Council and a review will be undertaken at that point.
Ravenside Roundabout	No funding currently allocated to this scheme. RDC officers & Cllrs working with National Highways to first eradicate ragwort and then clear roundabout of weeds and tidy as phase 1 of the project and as part of Highways responsibility. Funding options continue to be explored with National Highways to develop some form of structure/sculpture on the roundabout but without success to date.
CIL Scheme 1 Village Hall Energy Project	CIL Funded - Currently at Stage 1 of delivery which is Village Hall assessments, which are due for completion by June 2023. Scope of capital works will be determined at stage 2.
UK Shared Prosperity Fund	Externally funded from DLUHC over 3 years. Year 1 has now been rolled into year 2 (current year) all funding to be spent by end March 2025 - Rye Fisheries scheme takes up most of the capital allocation, £173k has been agreed and is in

Capital Project	Review Position
UK Shared Prosperity Fund (cont.)	development. All £603k of Rural Prosperity Funding is capital, to be allocated through a grant scheme and spent by April 2025.
Property Investment (PI)	
Beeching Road Hotel and Food store Development	Currently at heads of terms stage and in negotiation with a food store provider and hotel provider to ascertain final costs and funding structure. Delegated authority to agree has been given to the Property Investment Panel, which will consider the final terms prior to proceeding. A budget of £15m has been agreed by Council subject to final terms. Both the food store provider and hotel provider are refining their cost estimates to feed back to RDC for financial appraisal. They are also collaborating on scheme design/layout due to shared car parking and circulation areas.
PIS - Beeching Park Estate	Complete and spent
PIS - Beeching Road 18-40 (Creative Workspace)	This scheme is substantively complete; works to rectify guttering and water ingress has been complete, monitoring before final retention is paid, expected Autumn 2023.
Barnhorn Green GP Surgery and Industrial Development	A planning application has been submitted and is due to be considered in June 2023. A financial review of the whole scheme continues and will be presented to Cabinet/Full Council Autumn 2023.
Mount View - NHS Mental Health Hospital	Capital outlay has been spent on land acquisition. A capital receipt is expected following the on-sale of the phase 1 land to ES NHS Partnership Trust. Additional preliminary discussions have been had with other partners regarding the use of plot 3 at the site.
PIS - Buckhurst Place	Acquisition of Sainsbury's complete.
Housing Development Schemes	
Community Led Housing Scheme - CHF	Bexhill CLT have obtained planning permission to redevelop Cemetery Lodge & land for 6x social rent units. Cabinet authority has been awarded to use s106 funds (£200k) to support the development. Sale of Cemetery Lodge to CLT is underway, expected to complete Q2 2023/24 and start on site Q3 2023/24. A CLH scheme is also progressing with Marsham CLT for Land at Fairview (Guestling/Pett) where cabinet authority has been given to dispose of the land.
Blackfriars Housing Development - Infrastructure only	The Blackfriars site and homes England funded road continues to develop and is being revised to incorporate ESCC highways/other regulatory standards, including embankments, drainage, and substation designs. The costs have increased due to design changes, higher than anticipated construction works, ground conditions and inflation increases on the housing plans. The revised figures will be presented to Cabinet and Council in July 2023.

Capital Project	Review Position
RDC Housing Company Limited funding	Funding of c£2.9m has been facilitated so far and a Loan Funding agreement is in draft form to facilitate future funding.
RDC Housing Company share investment	The Council currently has a £1 Share only in Rother DC Housing Company Ltd.
Development of council owned sites	The approved capital budget to explore feasibility of new housing developments on council owned sites continues to be used to good effect, having been used on both the King Offa Way and Old Lydd Rd developments. If planning is achieved, a request is then submitted for the scheme to join the main Capital Programme (such as Old Lydd Road and King Offa) all spend allocated to that project is transferred to these new Capital Cost code allowing for the feasibility funds to be re-imbursed.
King Offa Residential scheme	Land transfer completed with ESCC in February 23. Outline planning permission awaiting S106 to be scheduled for end of May. Initial Brown Field Land Release Fund works have been successfully procured with demolition to start in mid-June. Initial facilitating works have been undertaken by the Estates Team. Delivery route to be confirmed by Autumn 2023 with ongoing market research being undertaken by officers.
Mount View Street Development - Housing	No Project or Funding agreed. Land is held for development of housing and commercial floorspace, in line with the 2015 outline planning consent covering the overall Worsham development. The remainder of the site that was acquired by RDC is earmarked for development by the NHS of an in-patient mental healthcare hospital.
Camber, Old Lydd Road	Planning approval agreed at Committee in March 2023, Section 106 expected to be completed by end of June. Initial Brown Field Land Release Fund works now scheduled for delivery winter 2023, with delivery route confirmed by end of summer 2023.
Housing and Community Services	
De La Warr Pavilion - Capital Grant	This is an annual grant that will continue for the foreseeable future. There will be a review of De La Warr Pavilion funding following the completion of the Levelling up Fund works in 2026/27.
Land Swap re Former High School Site	Acquisition of former High School site completed on 2 nd March 2023. Completion of sales of RDC land occupied by ESCC under CPO for the Bexhill-Hastings Link Road remains outstanding.
Bexhill Leisure Centre - site development	On hold for Cllr decision on way forward with leisure centre provision in Bexhill and in line with Health & Wellbeing: Leisure Facility Strategy. Current operator contract end date of 31 March 2024
Fairlight Coastal Protection	Ring fenced funds left over from Environment Agency Fairlight Coast Protection project to support ongoing capital costs of Rockmead/Fairlight well system into the medium term.
Disabled Facilities Grant	Researching options to go paperless, meeting with ESCC to look at BCF spend.

Capital Project	Review Position
Sidley Sports and Recreation	BMX track, jump park and skatepark project completed.
New bins	Funds to provide new waste containers to Rother residents.
Improvements to Northiam Recreation Ground s106	No review as yet undertaken.
Bexhill Promenade - Protective Barriers	Project completed.
Housing - Temporary Accommodation Purchase	Audit in September, paper being prepared for Cabinet for further investment.
Bexhill Promenade - Shelter 1	Project completed.
Bexhill Promenade - Outflow pipe	East Kent Engineering Partnership (EKEP) progressing this project on behalf of RDC for work to start on replacing the pipe in the Autumn 2023. MMO license applied for and still awaiting licence. Work unable to start until this has been granted and can take up to 12 months. EKEP to start contract procurement in June 2023 in readiness.
Bexhill Leisure Centre - refurbishment	If this is the £140K set aside to improve aspects of Bexhill Leisure centres post COVID then this project is complete. There is £30k left of which there remains an outstanding commitment to be paid of c£16k.
Capital - Northiam Cemetery Extension – S106	Funds passed in full to Northiam PC.
Strategy & Planning	
Payments to Parishes - CIL	No review required.
Resources	
ICT Infrastructure Replacement Programme	The budget for this currently is £12,000 p.a. for 2023/24 and 2024/25 however the organisation will need to look at a large scale renewal starting in 2023/24 as the majority of laptop issued during Covid will need to be replaced (as they should be replaced every 3 years when their warranty expires). Approximately £250,000 would be needed to complete a whole laptop estate renewal and suggest this program is phased and budgeted for 2023/34 (£100k), 2024/25 (£48k) and 2025/26 (£51k). The approximate cost therefore p.a. is around £50k.
New website development	New website completed 2020 but will need continual investment and maintenance as we increase its self service capabilities. We are seeing an increase in traffic spikes to key webpages and the hosting cost will now dynamically increase to deal with the volume.
Invest To Save Initiatives (Financial Stability Prog)	No review as yet undertaken.

Summary of Progress on Recommendations Made up to 31 December 2022

Old Years: Audit recommendations made in 2018/19 (2) and 2021/22 (5)

Previous quarter's performance shown in brackets.

Risk	Issued	Implemented	Work-in-Progress	Not Started
High	4	4 (4)	0 (0)	0 (0)
Medium	64	58 (58)	6 (5)	0 (1)
Low	46	45 (44)	1 (2)	0 (0)
Total	114	107 (106)	7 (7)	0 (1)
		93.9% (93.0%)	6.1% (6.1%)	0% (0.9%)

Note – All audit recommendations made in 2019/20 and 2020/21 have been resolved.

Breakdown of outstanding audit recommendations by Service Manager:

Mark Adams (Head of Digital and Customer Services) *

- ICT Governance (2018/19) – issued 12/04/19. Recommendation to produce a new ICT Disaster Recovery Plan (Medium)

Update from the ICT Manager on 24/05/23 – “A Disaster Recovery Plan including documenting the business-critical systems along with their priority for recovery, will be completed by 19 June [2023].”

- Data Protection (2021/22) – issued 25/06/21 (2 Medium & 1 Low) – *In progress.*

Duncan Ellis (Chief Finance Officer)

- Procurement (2018/19) – issued 05/10/18. Recommendation to formalise an SLA for the service provided by the East Sussex Procurement Hub (Medium).

Update from the Interim Chief Finance Officer on 23/05/23 – “The agreement has now been drafted by the Wealden Legal Team and was sent to the Interim Chief Finance Officer on 23 May. A meeting was subsequently arranged with the Procurement Business Partnership Manager for 24 May to enable the draft to be discussed and for any additional amendments to be agreed prior to a final review by the Wealden Legal Team. The final agreement is expected to be completed in June 2023.”

- Creditors (2021/22) – issued 01/02/22 (1 Medium) – *In progress.*

Joe Powell (Head of Housing and Regeneration) *

- Estates Income (2021/22) – issued 30/06/21. Recommendation to update the tenancy details stored on the ePIMS asset register database to correct the discrepancies found at the audit and to ensure it is properly maintained from now on (Medium).

Update from the Property Investment and Regeneration Manager on 18/05/23 – “A new Business Support Officer is now in post and is familiarising herself with the ePIMS system to enable her to update records. The Property Investment and Regeneration Manager will need to provide the relevant information to enable her to populate the system.” [No target date specified.]

* **These managers have only recently taken on responsibility for these recommendations, having previously worked in other roles.**

Summary of Progress on Recommendations Made up to 31 December 2022

Latest Year – Audit recommendations made in 2022/23 (up to 31 December 2022)

Previous quarter's performance shown in brackets.

Risk	Issued		Implemented		Work-in-Progress		Not Started	
High	2	(2)	1	(1)	1	(1)	0	(0)
Medium	29	(13)	21	(8)	6	(2)	2	(3)
Low	17	(6)	14	(5)	2	(0)	1	(1)
Total	48	(21)	36	(14)	9	(3)	3	(4)
			75.0%	(66.7%)	18.8%	(14.3%)	6.2%	(19.0%)

Whistleblowing Activity 2022/23

A total of 13 whistleblowing cases were reported to the Audit Manager in 2022/23, which is down significantly from the previous financial year.

The cases received in 2022/23 are made up of emails and webforms sent to the audit@rother.gov.uk mailbox (12) or letters received by the Audit Manager (1). The figure does not however include any cases reported via the Benefit Fraud Hotline 01424 787737 or submitted using the online Benefits 'Report a Fraud' form as both these channels go direct to the Revenues and Benefits Team.

The breakdown of whistleblowing cases by the type of allegation is as follows:

Allegation	Number of Cases
Benefit/Council Tax Fraud	6
Housing Issue/Tenancy Fraud	3
Planning Enforcement Issue	3
Environmental Health	2
Total	14

Note - One whistleblowing referral covered two separate issues.

All cases were initially reviewed by the Audit Manager to establish if there was any evidence to substantiate the claims being made. Where possible, the cases were then either referred to the relevant Council officer for further investigation or reported to the appropriate authority.

One of the Benefit/Council Tax Fraud cases identified above relates to a property in rural Rother where the occupants had evaded Council Tax for ten and a half years by not declaring their presence. A backdated Council Tax demand will be sent to them once the VOA has banded the property.

Rother District Council

Report to:	Audit and Standards Committee
Date:	19 June 2023
Title:	Internal Audit - Peer Review
Report of:	Gary Angell, Audit Manager
Purpose of Report:	To report on the results of the latest peer review of Rother District Council's Internal Audit Service.
Officer	
Recommendation(s):	It be RESOLVED: That the information in the report be noted.

Introduction

1. As previously reported in the annual self-assessment of the Council's Internal Audit Service (Review of Internal Audit), it is a requirement of the Public Sector Internal Audit Standards that an external quality assessment is carried out at least once every five years. The last review was carried out in April 2017 so a further review was now due.
2. When these standards first came into effect in April 2013, the Sussex Audit Group, which was comprised of Audit Managers from the local authorities in East and West Sussex, decided to carry out peer reviews rather than external assessments and to carry out this work on a reciprocal basis to avoid any financial cost. This work was planned to ensure that neighbouring authorities did not audit each other. A similar approach has been adopted this time with a reciprocal arrangement between Hastings Borough Council (since replaced by Chichester District Council), Lewes District and Eastbourne Borough Councils, Wealden District Council, and Rother District Council.
3. A full review of Rother's Internal Audit Service was carried out by the Chief Internal Auditor at Lewes District and Eastbourne Borough Councils, hereafter referred to as "the Assessor".

Review Methodology

4. In order to carry out this review a framework was used which was first devised by the London Borough Councils.
5. The first part of the peer review consisted of a detailed examination of Internal Audit's policies and procedures and was designed to assess the section's purpose and positioning, its structure and resources, and its working methods against accepted good practice. During this process, the Assessor was provided with a wealth of information about how the Rother Internal Audit Service operates including examples of forms, documents and work carried out by the section so that these could be compared to the requirements of the Public Sector Internal Audit Standards. Questionnaires were also sent to officers in the Senior Leadership Team, all Heads of Service/Service Managers

and the Chair of the Audit and Standards Committee to obtain “customer” feedback and to determine whether or not Internal Audit’s work is having a positive impact on the Council.

6. The second part of the process involved the Audit Manager (a) reviewing the findings in the Assessor’s draft report and responding to any recommendations for improvement, and (b) adding his own assessment of how well the Internal Audit team is performing, taking into account the comments made in the customer feedback section.

Peer Review Findings

7. The Assessor’s final report has now been issued and is reproduced in Appendix A. The outcome of the review is a good one, with no significant issues found. The overall finding is that “*Rother’s Internal Audit function “generally conforms” with the standards*”.

Further Action

8. The peer review makes a total of six recommendations (referred to as ‘remedial actions’ in the report). All of these are relatively minor in nature, but they provide some useful pointers to how the Internal Audit Service can work towards full conformance with the Public Sector Internal Audit Standards. With the exception of one recommendation, all of the points made in the report have been accepted and will be implemented. Moreover, two of the recommendations had already been addressed prior to the report being issued.
9. A revised Quality Assurance and Improvement Programme action plan has been produced to incorporate actions to be taken following the peer review. This can be found in Appendix B.

Conclusion

10. The Internal Audit peer review has now been completed and reported in full, and it was found that the service generally conforms with the Public Sector Internal Audit Standards. Recommendations to improve the Internal Audit Service’s compliance with the standards were made and have been reviewed by the Audit Manager. All accepted recommendations have either been implemented or will be in the near future.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	External Consultation	No
Environmental	No	Access to Information	No
Risk Management	No	Exempt from publication	No

Interim Chief Executive:	Lorna Ford
Report Contact Officer:	Gary Angell, Audit Manager
e-mail address:	gary.angell@rother.gov.uk
Appendices:	A – Peer Review Report B – Action Plan 2023/24
Relevant Previous Minutes:	AS22/59 Review of Internal Audit 2022/23

Background Papers:	None.
Reference Documents:	None.

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COVERING NOTE FOR PEER REVIEW OF ROTHER DISTRICT COUNCIL'S INTERNAL AUDIT FUNCTION

The lead officers of the Internal Audit functions of Rother District Council, Hastings Borough Council, Wealden District Council, and Lewes District and Eastbourne Borough Councils have agreed to carry out reciprocal external assessments of the Internal Audit functions. This is to address the requirement of the Public Sector Internal Audit Standards to have an external audit assessment carried out at least every five years.

In order to carry out this review a framework has been used which was first used by London councils. A wide range of Rother's Internal Audit's documents and reports were reviewed to check conformity against the standards.

Questionnaires were also sent to 14 senior managers and the Chair of the Audit and Standards Committee. Responses were received from the Chair and eight senior managers. The feedback from these is summarised in the attached review document and the questionnaires have been shared with the Audit Manager so that any issues highlighted can be followed up.

The document also includes suggested remedial actions identified through the process.

The overall finding is that Rother's Internal Audit function "generally conforms" with the standards.

Jackie Humphrey

Chief Internal Auditor

Lewes District and Eastbourne Borough Councils

PEER REVIEW OF
ROTHER DISTRICT COUNCIL

UNDERTAKEN BY:

*Jackie Humphrey, Chief Internal Auditor of Lewes
District and Eastbourne Borough Councils*

ON
14th February 2023

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Introduction

1. The Quality Assurance and Improvement Programme (QAIP) is a requirement of the Public Sector Internal Audit Standards (PSIAS) which came into force on 1st April 2013. It is intended to raise standards across the public sector. This programme is intended to:
 - Facilitate identification of actions for continuous improvement;
 - Facilitate evaluation of progress with improvement plans; and
 - Provide an approach to both internal reviews and external Quality Assurance reviews which is not “tick box” and which goes beyond compliance with the Standards alone.
2. The QAIP is intended to apply to all internal audit services where compliance with the PSIAS is required. The definition of an internal audit service will vary depending on the arrangements in place for the particular organisation.
3. The internal audit service and therefore the scope of any review should be clearly defined before the review is carried out and agreed by the reviewer and the CAE.
4. Where an internal audit service includes work procured from a third party supplier, this should form part of the overall assessment. Where this is precluded within existing third party contracts this limitation should be noted in the report.
5. The term Chief Audit Executive (CAE) is used throughout the PSIAS to refer to the head of the internal audit service.

The Approach

6. This Framework has four sections reflecting four questions that the evaluation should seek to address:
 - Purpose and positioning - Does the internal audit service have the appropriate status, clarity of role and independence to fulfil its professional remit?
 - Structure and resources - Does the internal audit service have the appropriate structure and resources to deliver the expected service?
 - Audit execution - Does the internal audit service have the processes to deliver an effective and efficient internal audit service?
 - Impact - Has the internal audit service had a positive impact on the governance, risk and control environment within the organisation?
7. Each section is divided into several sub-sections covering key elements of an effective internal audit service as follows:

Purpose & positioning	Structure & resources	Audit execution	Impact
<ul style="list-style-type: none"> • Remit • Reporting lines • Independence • Risk based plan • Assurance • Other assurance providers 	<ul style="list-style-type: none"> • Competencies • Technical training & development • Resourcing • Performance management • Knowledge management 	<ul style="list-style-type: none"> • Management of the IA function • Engagement planning • Engagement delivery • Reporting 	<ul style="list-style-type: none"> • Standing and reputation of internal audit • Impact on organisational delivery • Impact on governance, risk, and control

8. For each sub-section a series of statements of good practice are provided as a guide in determining the performance of the service. Against this an assessment should be made as to the degree of conformance using the following scale, aligned with the Public Sector Internal Audit Standards:
- **Fully Conforms** the reviewer concludes that the internal audit service fully complies with each of the statements of good practice.
 - **Generally Conforms** means the reviewer has concluded that the relevant structures, policies, and procedures of the internal audit service, as well as the processes by which they are applied, at least comply with the requirements of the section in all material respects. For the sections and sub-sections, this means that there is general conformance to a majority of the individual statements of good practice, and at least partial conformance to the others, within the sub-section. As indicated above, general conformance does not require complete/perfect conformance.
 - **Partially Conforms** means the reviewer has concluded that the internal audit service falls short of achieving some elements of good practice but is aware of the areas for development. These will usually represent significant opportunities for improvement in delivering effective internal audit. Some deficiencies may be beyond the control of the service and may result in recommendations to senior management or the audit committee of the organisation.
 - **Does Not Conform** means the reviewer has concluded that the internal audit service is not aware of, is not making efforts to comply with, or is failing to achieve many/all of the objectives and good practice statements within the section or sub-section. These deficiencies will usually have a significant negative impact on the internal audit service's effectiveness and its potential to add value to the organisation. These will represent significant opportunities for improvement, potentially including actions by senior management or the audit committee.
9. An overall assessment of the performance of the internal audit service in conforming to good practice should be made using the same scale.

Performance of the evaluation

10. The framework for the review is premised on the assessment being performed by individuals with considerable recent experience of internal audit. It is expected that anyone involved in performing the evaluation will have operated at a senior level within an internal audit function and be professionally qualified (CCAB, CMIIA or equivalent).
11. The PSIAS require that a self-assessment evaluation be performed internally at least annually to provide on-going feedback on the quality of the internal audit service.
12. In addition a formal external assessment should be independently carried out at least once every five years as set out in the Public Sector Internal Audit Standards. The chief audit executive must agree the scope of external assessments with an appropriate sponsor, e.g. the Chief Executive, the Section 151 Officer or chair of the audit committee as well as with the external assessor or assessment team. The framework set out below should provide an adequate scope in most cases. Where any external assessment is likely to be subject to moderation, as in the case of peer review, then the less that the assessment differs from this framework the better.
13. In the case of peer review, it is recommended that an internal self-assessment is carried out in advance of the external review and that the external review will seek to validate the findings of the internal review.

- 14.** In performing the evaluation, the individuals completing the external assessment need to consider the evidence that exists to support the assessment as to whether the internal audit service being reviewed conforms to the statements of best practice. This evidence needs to be documented and space is provided for this on the following pages. Sufficient evidence should be documented such that another competent reviewer considering the same evidence would come to the same conclusion.
- 15.** In each case a judgment call is required keeping in mind the definitions above, based on evidence collected during the course of the assessment undertaken. The existence of opportunities for improvement, or better alternatives does not in itself reduce a Generally Conforms rating.
- 16.** It is expected that the evidence gathered will be a combination of:

 - Interviews with stakeholders such as Chief Executive and/or Section 151 Officer and/or chair of the audit committee;
 - A review of a sample of completed audit files;
 - A questionnaire to be completed by the 'customers' and staff of the internal audit service (see section 4); and
 - Review of any other supporting evidence, Including Audit Committee minutes, Head of Internal Audit Report and Annual Governance Statement and any audit policies and procedures.
- 17.** The individuals interviewed, the number of files selected and the number of questionnaire participants (both invites and responses) should be clearly set out in the report.
- 18.** Where there is insufficient evidence to demonstrate the application of statements of best practice, actions should be identified which will help address the deficiencies. These should be documented as per the template below with each action being given a target date for completion and an identified individual with responsibility for ensuring its completion.
- 19.** The assessment rating for each sub-section should be summarised in the Summary Assessment.
- 20.** The reviewer should provide an overall assessment based on the ratings for each section and their judgement as to the extent to which the internal audit service addresses the four questions set out in paragraph 6 above. The rationale for the overall assessment should also be documented.

1

Purpose and positioning

Does the internal audit service have the appropriate status, clarity of role and independence to fulfil its professional remit?

Remit			
Statements of good practice	Assessment		Evidence
<p>i. An internal audit Charter defines the purpose, authority and responsibility, within the organisation, consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards, including a definition of the Board.</p> <p>ii. The internal audit Charter is approved by the Board and is regularly reviewed, and communicated to all senior management and other relevant people</p> <p>iii. The Charter defines the nature and scope of the assurance and consulting services provided to the organisation (including any assurances provided to parties outside of the organisation) and is such that it can provide independent and objective assurance and is not part of the direct control framework</p> <p>iv. The Charter clearly defines internal audit's role in evaluating and contributing to the development of risk management, control and governance processes. Internal audit's role in relation to any fraud-related / investigations work is clearly defined within the Charter.</p>		Fully conforms	<p>i. Having viewed the Audit Charter it can be seen that this covers purpose, authority and responsibility.</p> <p>ii. Having viewed the Audit Charter it is noted that there is nothing on the document that indicates that the Charter is approved by the Audit and Standards Committee. However, the self-assessment states that the Charter was approved by the Audit and Standards Committee in May 20. On Rother's website the agenda reports pack and minutes for the May 2020 meeting of the Audit and Standards Committee were found and these show that the revised Audit Charter was taken to the committee and was approved. It was then noted that the Internal Audit Plan 2022/23 report to the Audit and Standards Committee dated 18th March 2022 also included a paragraph on the Internal Audit Charter. This took a further update to committee which was approved.</p> <p>iii. Having viewed the Audit Charter it can be seen that it defines assurance and consultancy services and considers the aspects of independence and objectivity.</p> <p>iv. Having viewed the Audit Charter it can be seen that it clearly defines internal audit's role with regard to risk management, controls, governance and fraud related work.</p>
		Generally conforms	
		Partially conforms	
		Does not conform	
	<p>Associated references</p> <p>PSIAS:</p> <p>Code of Ethics</p> <p>1000 Purpose, Authority and Responsibility</p> <p>1110 Organisational Independence</p> <p>1210 Proficiency</p> <p>2110 Governance</p> <p>2120 Risk Management</p> <p>2130 Control</p>		

Remedial actions	Target date	Responsibility
A. Consideration should be given to adding to the Charter who approves the Charter and the date it was approved.	August 2023	Audit Manager

Evidence used

- Self-Assessment
- Audit Charter
- Reports pack and minutes for the 18th May 2020 meeting of the Audit and Standards Committee
- Internal Audit Plan 2022/23 Audit and Standards report and minutes 21st March 2022
- Reports to Audit and Standards Committee on the Rother District Council website.

Reporting lines			
Statements of good practice	Assessment		Evidence
<p>i. The Board reviews and approves the appointment of the Chief Audit Executive (CAE)</p> <p>ii. The CEO and the Chair of the Audit Committee contribute to the CAE's appraisal</p> <p>iii. Reporting lines for the CAE support independence, with functional reporting to the Board</p> <p>iv. The Board agrees the strategy/plans of the internal audit service</p> <p>v. The CAE or their representative attend all Board and/or senior management meetings, particularly where key issues are discussed relating to governance, risk management or control across the organisation</p> <p>vi. The CAE meets regularly with the Section 151 Officer</p> <p>vii. The Board routinely see and considers the outputs of the internal audit service</p> <p>viii. The Board is routinely updated with internal audit status and activity reports</p>		Fully conforms	<p>i. The self-assessment states that appointment lies with the Head of Paid Service and senior management.</p> <p>ii. The self-assessment states that the appraisals are carried out by the Deputy Chief Executive and the Chair of the committee can comment at committee meetings.</p> <p>iii. The self-assessment states that the CAE reports to the Deputy Chief Executive and then at quarterly meetings to the committee. The organisation chart supplied demonstrates that the Audit Manager reports directly to the Deputy Chief Executive. This is also covered in the Audit Manual</p> <p>iv. The self-assessment states that the committee agrees the plan. The assessor was provided with a copy of the report taken to committee on 21st March 2022. The minutes of this meeting were found on Rother's website and show that the plan was approved. The Audit Manual also states that the plan is agreed by the Senior Leadership team and the committee.</p> <p>v. The self-assessment states that the CAE attends all meetings. Evidence of attendance is available on the website with the minutes of the Audit and Standards Committee.</p> <p>vi. The s. 151 officer at Rother is the Chief Finance Officer. The CAE does not report operationally to the Chief Finance Officer. The CAE confirmed that, pre-pandemic, he met with the s.151 officer quarterly. This changed to a more ad hoc meeting but recently regular meetings have been re-established with the new interim Chief Finance Officer (current Chief Finance Officer leaves in mid February).</p>
		Generally conforms	
		Partially conforms	
		Does not conform	
	Associated references		
	PSIAS:		
	1100 Independence and Objectivity		
	1110 Organisational Independence		
1111 Direct Interaction with the Board			
2010 Planning			
2060 Reporting to Senior Management and the Board			

		<p>vii. Quarterly reports on the work of the Internal Audit function are taken to the Audit and Standards Committee and evidence of these reports can be seen on the website. Reporting progress is included in the Audit Manual.</p> <p>viii. Quarterly reports on the work of the Internal Audit function are taken to the Audit and Standards Committee and evidence of these reports can be seen on the website. Reporting progress is included in the Audit Manual.</p>
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Remedial actions	Target date	Responsibility
B. If full conformity is required then consideration should be given to the committee Chair being given the opportunity to comment on the appraisal of the CAE.	August 2023	Audit Manager

Evidence used

- Self-Assessment
- Organisation structure
- Internal Audit Plan 2022/23 report and minutes of the Audit and Standards Committee dated 21st March 2022
- Email from Audit Manager confirming contact with s. 151 officer.
- Internal Audit Report to 31 December 2021 report to Audit and Standards Committee 21 March 2022
- Reports to Audit and Standards Committee on the Rother District Council website.
- Audit Manual

Independence			
Statements of good practice	Assessment		Evidence
<p>i. Internal audit’s position within the organisation is clearly established including authorisation for access to records, personnel and physical properties relevant to the performance of engagements</p> <p>ii. The internal audit service is free of executive responsibilities such that it can provide independent and objective assurance</p> <p>iii. Conflict of interests are identified, appropriately managed and avoided including those transferring to internal audit from elsewhere in the organisation</p> <p>iv. Audit personnel are routinely rotated on assignments</p> <p>v. Audit personnel do not have any conflicting operating responsibilities or interests</p> <p>vi. All internal audit staff are aware of and comply with the Code of Ethics and the Nolan principles</p> <p>vii. Consultancy work that internal audit may undertake is clearly defined and agreed in advance by the Audit Committee when required by the PSIAS</p> <p>viii. Areas which have been the recipient of internal audit 'consultancy' work are subject to audit review by personnel independent of the consultancy work</p> <p>ix. The CAE, at least annually, confirms to the Board the organisational independence of the internal audit activity</p> <p>x. The CAE notifies the appropriate parties if independence or objectivity is impaired in fact or appearance</p>		Fully conforms	<p>i. Authorisation of access is clearly laid down in the Audit Charter.</p> <p>ii. The Audit Charter contains a section on non-Audit activities and avoidance of conflicts of interest. The organisation chart shows that the Audit Manager has responsibilities for Internal Audit alone. The job description of the Audit Manager also shows they only have responsibility for Audit.</p> <p>iii. The Audit Charter contains a section on non-Audit activities and avoidance of conflicts of interest. – the Review of Internal Audit 2021/22 reported to Audit and Standards Committee 21 March 2022 summarised the self-assessment and in response to “impairment of independence and objectivity” states “this situation has not arisen in 21/22”.</p> <p>iv. The self-assessment states that work is allocated to auditors to avoid reviewing work of close friends or where they have had operational involvement in the past 12 months</p> <p>v. As above and the job descriptions of the team show they have no other operating responsibilities.</p> <p>vi. The self-assessment states that auditors have received training on the Code of Ethics. The Code of Ethics and Nolan principles are also covered in the Audit Manual. No evidence of training was provided.</p> <p>vii. The Audit Charter says consultation work known in advance will be included in the Audit Plan. It adds “there will be no significant variation in consultancy work without the approval of the Board” Consultancy work is covered in the Audit Manual.</p> <p>viii. Auditing areas subject to consultancy is not specifically mentioned in the charter but can be considered as coming under the conflict of interest paragraph</p> <p>ix. The self-assessment is reported to committee annually and this includes independence.</p>
		Generally conforms	
		Partially conforms	
		Does not conform	
	<p>Associated references</p> <p>PSIAS:</p> <p>Code of Ethics</p> <p>1100 Independence and Objectivity</p> <p>1110 Organisational Independence</p> <p>1120 Individual Objectivity</p> <p>1130 Impairment to Independence or Objectivity</p>		

		x. The self-assessment gives an example of where possible impairment was raised. This was reported to the Audit and Standards Committee in the Review of Internal Audit 21/22 on 21 March 2022
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Remedial actions	Target date	Responsibility
C. Consideration should be given to annually asking auditors to agree to abide by all the relevant audit docs e.g. manual, charter, code of ethics etc.	August 2023	Audit Manager

Evidence used

- Self-Assessment
- Audit Charter
- Organisation structure
- Review of Internal Audit 2021/22 reported to Audit and Standards Committee 21 March 2022
- Team job descriptions
- Audit Manual

Risk based plan				
Statements of good practice	Assessment		Evidence	
<p>A risk based internal audit plan has been developed which:</p> <ul style="list-style-type: none"> i. considers the relative risk maturity of the organisation ii. considers the risk appetite as defined by management iii. includes an assessment of optimal resources and skills required to deliver both the audit assurance and consultancy work, including identification of specialist skills, which may be required iv. is clearly designed to enable the CAE to deliver an annual opinion on the effective of Governance, risk management and the system of control v. has been approved by the Board vi. has been promulgated to all relevant parties vii. is subject to regular review to ensure that it remains appropriate and current <p>Either the audit plan or a separate audit strategy document should:</p> <ul style="list-style-type: none"> viii. include an assessment of risks that the audit service itself faces in delivering the plan and plans for controlling and mitigating the risks identified ix. include consideration of if, and how, internal audit will rely on the assurance provided by other assurance providers x. include an assessment of the range of audit techniques that have been selected as the most effective for delivering the audit objectives xi. set out how the internal audit service will measure its performance, quality assure itself and seek continuous improvement 		Fully conforms	<ul style="list-style-type: none"> i. The self-assessment states that the Audit Manager’s knowledge and experience is used. ii. As above iii. The self-assessment states “The IA team currently has sufficient combined knowledge, skills and experience to complete the Audit Plan. The resource needs are also considered in the Internal Audit Plan 2022/23 report to Audit and Standards Committee 21 March 2022. iv. The Internal Audit Plan 2022/23 report to Audit and Standards Committee 21 March 2022 clearly states that the plan “includes a broad range of activities ...to obtain sufficient assurance from the audit work to present an annual Internal Audit opinion on the adequacy of the control environment”. v. The Internal Audit Plan 2022/23 report was taken to the Audit and Standards Committee on 21 March 2022 the minutes of this meeting show that the plan was approved. vi. As above vii. Quarterly reports on the work of Internal Audit are taken to the Audit and Standards Committee. viii. The Internal Audit Plan 2022/23 report was taken to the Audit and Standards Committee on 21 March 2022 and includes consideration of resources. ix. The Internal Audit Plan 2022/23 report was taken to the Audit and Standards Committee on 21 March 2022 and includes assurance mapping. x. The Internal Audit Plan 2022/23 report was taken to the Audit and Standards Committee on 21 March 2022 and this includes details of a range of audits as well as time for consultancy etc. 	
				Generally conforms
				Partially conforms
				Does not conform
	Associated references			
	PSIAS:			
	2010 Planning			
	2020 Communication and Approval			
	2030 Resource Management			

		xi. The quality assurance programme forms part of the Audit Manual. The risk based planning process is recorded in the Audit Manual.
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Remedial actions	Target date	Responsibility

Evidence used

- Self-Assessment
- Internal Audit Plan 2022/23 report and minutes of the Audit and Standards Committee dated 21st March 2022
- Evidence of ongoing reporting on Rother District Council website for the Audit and Standards Committee
- Audit Manual

Integration with other assurance providers			
Statements of good practice	Assessment		Evidence
i. The internal audit service effectively co-ordinates with appropriate assurance providers to reduce the duplication and minimise gaps in the assurance framework ii. Internal audit promote co-operation between internal and external audit iii. When auditing shared service functions consideration is given to audit work being performed by other audit services such that duplication is minimised iv. When internal audit needs to work with other internal auditors from another organisation, the respective roles and responsibilities of the involved parties have been clearly defined and agreed in advance		Fully conforms	i. The self-assessment states that the Audit Manager meets with the External Auditor where possible but notes that the current external auditor prefer to communicate by email. This is also covered in the Audit Manual. Also Assurance mapping is included in the Audit Manual and is reported to the Audit and Standards Committee as part of the Internal Audit Plan report. ii. See above iii. The Audit Manual includes a section on external relationships including External Audit, external service providers and third parties. iv. See above
		Generally conforms	
		Partially conforms	
		Does not conform	
	Associated references PSIAS: 2050 Coordination		

Remedial actions	Target date	Responsibility

Evidence used

- Self-Assessment
- Audit Manual
- Internal Audit Plan 2022/23 report and minutes of the Audit and Standards Committee dated 21st March 2022

2

Structure & resources

Does the internal audit service have the appropriate structure and resources to effectively deliver the internal audit remit?

Competencies to deliver IA remit			
Statements of good practice	Assessment		Evidence
i. The CAE holds a professional qualification (i.e. CMIIA, CCAB or equivalent professional membership) and is suitably experienced ii. The audit function has access to the appropriate skills (technical expertise, qualifications, experience) required to ensure assurance can be provided in all areas of the business, for example in relation to fraud and knowledge of IT risks and controls iii. Where there is a contracted out or partnership arrangement there is ongoing monitoring to ensure that contractors have the skills required for designated audit assignments		Fully conforms	i. The self-assessment states that the Audit Manager is CMIIA qualified and has “many years” experience ii. The self-assessment states that the team currently has sufficient combined knowledge, skills and experience to complete the Audit Plan iii. Not applicable
		Generally conforms	
		Partially conforms	
		Does not conform	
	Associated references PSIAS: Code of Ethics 1210 Proficiency 1220 Due Professional Care		

Remedial actions	Target date	Responsibility

Evidence used

- Self-Assessment

Technical training & development			
Statements of good practice	Assessment		Evidence
i. All new staff receive induction training including both into the internal audit service and induction into the organisation ii. Arrangements are in place to ensure that new staff receive an early assessment of their development needs and appropriate guidance, and training to address these needs iii. All internal auditors undertake Continuing Professional Development (CPD) and have a training and development plan approved by their line manager iv. Audit planning includes a sufficient time provision for training (including CPD) for all staff		Fully conforms	i. The Audit Manager confirmed that there is induction training at the authority level with HR issuing an induction checklist. All new employees are allocated a buddy – for Audit that would be another Auditor. There has been no turnover in 7 years but the Audit Manager would keep an eye on any new Auditor. ii. The self-assessment states that staff do background reading and there is a training needs analysis. The Internal Auditor is undertaking AAT training and at least one member of staff goes on a training course each year. The training needs assessment for the Audit Manager was viewed. Staff development is covered in the Audit Manual. iii. The self-assessment states that staff do background reading and there is a training needs analysis. The Internal Auditor is undertaking AAT training and at least one member of staff goes on a training course each year. The training needs assessment for the Audit Manager was viewed. iv. The Internal Audit Plan 2022/23 report was taken to the Audit and Standards Committee on 21 March 2022 and this includes a calculation of non-chargeable days. This calculation shows time set aside for training. However, the IIA require 40 hours (around 5 days) of CPD but the Audit Manager and Senior Auditor are only allowed 2 days of training.
		Generally conforms	
		Partially conforms	
		Does not conform	
	Associated references PSIAS: Code of Ethics 1230 Continuing Professional Development		

Remedial actions	Target date	Responsibility
D. Consideration should be given to allowing 5 days of training for those with an IIA qualification to ensure that they can complete the compulsory CPD.	March 2023	Audit Manager

Evidence used

- Self-Assessment
- Internal Audit Plan 2022/23 report and minutes of the Audit and Standards Committee dated 21st March 2022
- Training Needs Assessment
- Audit Manual

Resourcing		
Statements of good practice	Assessment	Evidence
<p>i. Internal audit is sufficiently resourced (in terms of staff and budget available) and deployed effectively to deliver the approved plan</p> <p>ii. There is a recruitment strategy that sets out the recruitment standard to ensure that all staff have the appropriate intellectual qualities, personal attributes, skills, knowledge and qualifications</p> <p>iii. A succession plan exists to ensure that senior vacancies are filled promptly by appropriately qualified staff</p>		<p>i. The self-assessment states that concerns can be raised at committee when the audit plan is agreed. The Internal Audit Plan 2022/23 report was taken to the Audit and Standards Committee on 21 March 2022 also covers this. The self-assessment states that no resource implications were reported in 21/22.</p> <p>ii. The self-assessment states that the job advert is agreed and that job descriptions were last updated in 2014. The job descriptions were viewed and the updates recently requested related to the restructure of the council and not the jobs themselves.</p> <p>iii. The Audit Manager confirmed that, as a team of only 3, there is no succession planning as such. However, the youngest member of the team is being encouraged to undertake professional training. Should the Audit Manager leave then the Deputy Chief Executive would be involved.</p>
	Fully conforms	
	Generally conforms	
	Partially conforms	
	Does not conform	
	<p>Associated references</p> <p>PSIAS: 2030 Resource Management</p>	

Remedial actions	Target date	Responsibility

Evidence used

- Self-Assessment
- Internal Audit Plan 2022/23 report and minutes of the Audit and Standards Committee dated 21st March 2022
- Job descriptions

Performance management			
Statements of good practice	Assessment		Evidence
<p>Appropriate personnel management and development procedures are in place within internal audit including:</p> <ul style="list-style-type: none"> i. Written job descriptions ii. Required competency frameworks iii. Recruitment procedures iv. Training and continuing education arrangements v. Personal objectives setting and performance appraisal 		Fully conforms	<ul style="list-style-type: none"> i. The Self-assessment states that job descriptions are in place and were last updated in 2014 – The job descriptions were viewed and the updates recently requested related to the restructure of the council and not the jobs themselves. ii. The Audit Manager stated that there are no competency frameworks used at Rother. He added that a Staff/Management Standards Assessment section was added to our staff appraisal form several years back. iii. The self-assessment states that the Audit Manager agrees the job advert and is a key participant in the review of applications, interviews and appointment. iv. See technical training and development section v. The self-assessment states that staff appraisals are carried out
		Generally conforms	
		Partially conforms	
		Does not conform	

Remedial actions	Target date	Responsibility

Evidence used

- Self-Assessment
- Job descriptions
- Staff /Management Standards Assessment

Knowledge management			
Statements of good practice	Assessment		Evidence
i. The internal audit service has systems in place to facilitate knowledge and sharing of best practice/organisational learning ii. All staff attend regular team meetings to ensure that they remain up to date on knowledge of the organisation, the internal audit service and audit practices		Fully conforms	i. An Internal Audit Manual exists. ii. The self-assessment states that there are weekly team meetings held. Evidence was provided of Outlook calendars to show that team meetings are scheduled.
		Generally conforms	
		Partially conforms	
		Does not conform	

Remedial actions	Target date	Responsibility

Evidence used

- Self-Assessment
- Internal Audit Manual
- Teams Meetings – Outlook Calendar

3 Audit execution

Does the internal audit service have the processes to deliver an effective and efficient internal audit service?

Management of the internal audit service		
Statements of good practice	Assessment	Evidence
<p>i. The CAE has established policies and procedures (typically in the form of a manual) to guide the internal audit activity</p> <p>ii. Audit methodologies have been developed and are regularly reviewed and updated to ensure they are in line with current practice</p> <p>iii. Policies in respect of document confidentiality, retention requirements and the release to internal and external parties have been developed and are consistent with the organisation's guidelines and any pertinent regulatory or other requirements</p> <p>iv. Quality assurance procedures are defined and cover all aspects of the internal audit activity including:</p> <p>a) Supervision and review</p> <p>b) QA procedures and checklists including periodic internal quality reviews</p> <p>c) Compliance with applicable laws, regulations and government or industry standards</p> <p>d) Auditee / customer satisfaction surveys</p> <p>v. Periodic self-assessments against the PSIA's are performed and actions taken to address weaknesses</p>	<p>Fully conforms</p>	<p>i. The self-assessment states that there is a charter and manual in existence. The charter and manual have been viewed by the assessor.</p> <p>ii. The Audit Manual contains descriptions of audit processes. The manual was last updated in December 2022.</p> <p>iii. The self-assessment states that the Audit Manual is "included in the Document Retention Policy for IA records". The Document Retention Policy is part of the Audit Manual. However, it goes on to state that there is no corporate document retention policy. The Audit Manual covers data protection, document retention and release of documents to other parties.</p> <p>iv. The Audit Manual contains a section on Quality Assurance and covers a, b, c and d.</p> <p>d) A copy of the service manager questionnaire was seen by the assessor</p> <p>v. The self-assessment states that the review against the PSIA's is carried out annually. The self-assessment for 21/22 was used as background information by the assessor. The results of the self-assessment are reported to the Audit and Standards committee annually.</p>
	<p>Generally conforms</p>	
	<p>Partially conforms</p>	
	<p>Does not conform</p>	
	<p>Associated references PSIA's: 1310 Requirements of the Quality Assurance and Improvement Programme 1311 Internal Assessments 2040 Policies and Procedures 2330 Documenting Information</p>	

Remedial actions	Target date	Responsibility

Evidence used

- Self-Assessment
- Audit Charter
- Internal Audit Plan 2022/23 Audit and Standards report and minutes 21st March 2022

- Internal Audit Manual
- Service Manager QA Questionnaire
- Review of Internal Audit 2021/22 Audit and Standards report 21 March 2022

Engagement planning			
Statements of good practice	Assessment		Evidence
<p>i. Detailed plans are developed and documented setting out the scope, limitations, objectives, resources, timing and reporting lines for each engagement</p> <p>ii. Engagement plans are agreed with relevant management prior to the start of the fieldwork</p> <p>iii. Engagement plans include consideration of the relevant systems, records, personnel, and physical properties including those under the control of third parties</p> <p>iv. Plans include consideration of the risks to the area under review and the organisation's risk management and controls processes</p> <p>v. Time budgets are developed for each engagement plan and are appropriate to the review scope and degree of associated risk</p> <p>vi. Where areas require, particular specialist knowledge subject matter experts are identified and included as part of the audit team</p>		Fully conforms	<p>i. The self-assessment states that there is an Audit Planning Process (including Risk Assessment Exercise) plus use of Audit Testing Programmes to define objectives. The self-assessment also mentions Scheduling Spreadsheet and Audit Engagement Letters. These are all covered in the Audit Manual</p> <p>ii. The self-assessment states that Audit Engagement Letters provide client with advance notice of the scope and objectives. This gives the HoS/Manager an opportunity to influence the audit coverage. This is covered in the Audit Manual.</p> <p>iii. The self-assessment states that all aspects are covered in Audit Testing Programmes. This is also covered in the Audit Manual.</p> <p>iv. The self-assessment states that all aspects are covered in Audit Testing Programmes. This is also covered in the Audit Manual.</p> <p>v. This is covered in the Audit Plan.</p> <p>vi. The self-assessment indicates that any requirements to use specialists is considered in the Internal Audit Planning process.</p> <p>All points are covered in the Audit Manual.</p>
		Generally conforms	
		Partially conforms	
		Does not conform	
	Associated references		
	PSIAS: 2200 Engagement Planning 2210 Engagement Objectives 2220 Engagement Scope 2230 Engagement Resource Allocation		

Remedial actions	Target date	Responsibility

Evidence used

- Self-Assessment
- Internal Audit Manual
- Internal Audit Plan 2022/23 Audit and Standards report and minutes 21st March 2022

Performance of Audit work / audit delivery			
Statements of good practice	Assessment	Evidence	
<p>i. Work programmes that will achieve the engagement objectives are developed and approved prior to use and include procedures for identifying, analysing, evaluating and documenting information during the engagement</p> <p>ii. Internal auditors use standard documentation to ensure that evidence and findings are adequately documented</p> <p>iii. Work papers are clear, concise, and appropriately cross-referenced to work programmes so as to enable independent review and comprehension.</p> <p>iv. There is evidence that internal auditors are identifying, analysing, evaluating and documenting sufficient information to support the audit conclusions and opinions</p> <p>v. There is evidence to confirm that all engagements are led or supervised by suitably competent individuals</p> <p>vi. Audit findings are discussed and confirmed with auditees prior to report drafting</p> <p>vii. Automated tools (e.g. data interrogation) are used appropriately to undertake testing as efficiently as possible</p>	<p>Fully conforms</p>	<p>i. The self-assessment states that the Audit Testing Programmes are produced and the Audit Engagement Letters are approved. This is in the Audit Manual as well. A copy of a testing programme was seen.</p> <p>ii. The self-assessment refers to working papers and that analysis and evaluation is documented in these. Examples from one audit have been viewed.</p> <p>iii. Testing programmes contain an audit reference for cross reference and the programmes are clear.</p> <p>iv. The self-assessment refers to working papers and that analysis and evaluation is documented in these. –evidence was not seen</p> <p>v. The self-assessment states that weekly team meetings are held. It adds that there is review of all papers by the Audit Manager this is corroborated by the Audit Manual. The Contents Working Paper Spreadsheets record the date the Audit Manager reviewed the paper. Evidence of this was seen.</p> <p>vi. The self-assessment and Audit Manual state that the first draft report is shared with the client in advance of the exit meeting. Factual accuracy will be agreed and responses to recommendations made will be collated.</p> <p>vii. No data analytics tools are yet used but this is a subject that will be looked into in the next financial year.</p>	
	<p>Generally conforms</p>		
	<p>Partially conforms</p>		
	<p>Does not conform</p>		
	<p>Associated references</p> <p>PSIAS:</p> <p>2240 Engagement Work Programme</p> <p>2310 Identifying Information</p> <p>2320 Analysis and Evaluation</p> <p>2330 Documenting Information</p> <p>2340 Engagement Supervision</p>		

Remedial actions	Target date	Responsibility

Evidence used

- Self-Assessment
- Internal Audit Manual
- Community Infrastructure Levy (CIL) – Testing programme and working paper summary

Reporting		
Statements of good practice	Assessment	Evidence
<p>i. Communications are accurate, objective, clear, concise, constructive and timely</p> <p>ii. Audit reports convey appropriate audit scopes, limitations of scope, results, recommendations and an opinion on the adequacy of controls</p> <p>iii. Audit evidence is reviewed by a senior member of the audit function to ensure that the audit has been carried out in sufficient depth and to the function's quality standards prior to the audit findings being distributed to the auditee</p> <p>iv. Internal audit recommendations help the organisation address the risk in a way that does not create unnecessary control and the recommendations are practical</p> <p>v. Draft audit reports are issued for consideration by the auditee within a reasonable, pre-agreed, timescale before they are finalised</p> <p>vi. Audit issues are reported to appropriate levels of management and to the Audit Committee</p> <p>vii. The CAE informs the Audit Committee if he/she believes that senior management has accepted a level of residual risk that may be unacceptable to the organisation</p> <p>viii. There is a procedure for follow-up that ensures agreed recommendations are implemented effectively or that senior management has accepted the risk of not taking action</p> <p>ix. Unresolved or outstanding audit issues are reported to senior management in accordance with pre-agreed timescales and escalation procedures</p> <p>x. The CAE presents to the Board at least annually, a report of internal audit activity containing an opinion of the overall adequacy and effectiveness of the organisation's governance, risk management, and control processes</p>	<p>Fully conforms</p> <p>Generally conforms</p> <p>Partially conforms</p> <p>Does not conform</p>	<p>i. The self-assessment refers to Audit reports, executive summaries and quarterly reports and evidence of these has been reviewed.</p> <p>ii. Reports observed cover these areas.</p> <p>iii. The self-assessment states that weekly team meetings are held. It adds that there is review of all papers by the Audit Manager. The Contents Working Paper Spreadsheets record the date the Audit Manager reviewed the paper.</p> <p>iv. This would be addressed in the exit meeting and agreeing recommendations. The Exit Meeting Questionnaire asks specific questions for feedback about the Auditor and the Audit process</p> <p>v. The self-assessment and Audit Manual state that the first draft report is shared with the client in advance of the exit meeting. Factual accuracy will be agreed and responses to recommendations made will be collated.</p> <p>vi. The self-assessment states that reports are issued to relevant HoS/Managers, CE, DCE, Director of Place and Change. Also, quarterly reports to committee.</p> <p>vii. The self-assessment states "no significant issues identified in 2021/22 but also adds "where management accepts the risk, this is documented in the management response to the audit and reported to the CE and committee if it is considered high risk.</p> <p>viii. The self-assessment states that recommendations are logged and HoS/Manager contacted once a quarter to get a progress update. This progress is reported to the Audit and Standards Committee.</p>
	<p>Associated references</p> <p>PSIAS:</p> <p>2410 Criteria for Communicating</p> <p>2420 Quality of Communications</p> <p>2440 Disseminating Results</p> <p>2500 Monitoring Progress</p> <p>2600 Communicating the Acceptance of Risks</p>	

Reporting		
Statements of good practice	Assessment	Evidence
xi. The annual report also states if the function conforms to the PSiAs and report any results of the QAIP		ix. The self-assessment states that recommendations are logged and HoS/Manager contacted once a quarter to get a progress update. This progress is reported to the Audit and Standards Committee. x. The self-assessment states that the CAE reports quarterly to committee on progress of work and the annual report covers opinion etc. xi. The Annual Report and Opinion Report 2021/22 reported to the Audit and Standards Committee on 20 June 22 included QAIP, performance and the self-assessment.

Remedial actions	Target date	Responsibility

Evidence used

- Self-Assessment
- Community Infrastructure Levy (CIL) – Detailed report and Executive Summary
- Quarterly reports to Audit and Standards Committee
- Audit Manual
- The Annual Report and Opinion Report 2021/22 reported to the Audit and Standards Committee on 20 June 22
- Exit meeting questionnaire

4 Impact

Has the internal audit service had a positive impact on the governance, risk and control environment within the organisation(s)?

The impact of the internal audit service is best assessed by obtaining the views of a wide range of 'customers', combined with tangible evidence of impact and comparing this to the internal audit management's corporate view of the internal audit service they provide.

The full range of customers of internal audit vary according to the organisation but will include Chief Executive, Section 151 Officer, Members of the Corporate Management Team, Chair of the Audit Committee and other senior management directly involved in the areas subject to internal audit review. In order to obtain the full range of views from customers, the following questions should form the basis of a questionnaire to be distributed to all parties and can be supplemented by a sample of interviews.

The table below should be used to aggregate responses from both the customers and to capture the internal audit management's corporate view.

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Aggregated Questionnaire Responses	Customers				Internal audit				Evidence and Comments	
	Do not agree	Partially agree	Generally agree	Fully agree	Do not agree	Partially agree	Generally agree	Fully agree		
Standing and reputation of Internal Audit									Customers	Internal audit
The internal audit service is seen as a key strategic partner throughout the organisation	1		4	4			x		<ul style="list-style-type: none"> hugely value Internal Audit but not certain of other areas as a manager I regularly seek advice from internal audit on matters my only reason for not agreeing fully with this is I feel there are one or two areas that require reminding of the need for early consultation with the Audit team 	As demonstrated by the Audit Manager's inclusion in the fortnightly CMT meetings.

Aggregated Questionnaire Responses	Customers				Internal audit				Evidence and Comments	
	Do not agree	Partially agree	Generally agree	Fully agree	Do not agree	Partially agree	Generally agree	Fully agree		
Senior managers understand and fully support the work of internal audit		2	4	3			x		<ul style="list-style-type: none"> hugely value Internal Audit but is not certain of other areas I think in general this is true but again maybe needs a bit of work/comms with newer managers I do so; however, I have experienced senior managers describing audit as a hindrance rather than a support. 	Yes, most do even when we identify significant problems - e.g. Capital Programme audit (see exit meeting QA questionnaire)
Internal audit is valued throughout the organisation	1		7	1			x		<ul style="list-style-type: none"> I think there a few sections of the organisation that do not value the work of the Audit Team; a minority view though. I do so; however, I have experienced senior managers describing audit as a hindrance rather than a support. Work is appreciated and valued, recommendations implemented (though pace of implementation sometimes needs addressing - not the fault on Internal Audit) 	Yes, in most cases.
The internal audit service is delivered with professionalism at all times		1	2	6				x	<ul style="list-style-type: none"> I do so; however, I have experienced senior managers 	Management may not always like the audit findings, but we always carry out our work objectively with courtesy and

Aggregated Questionnaire Responses	Customers				Internal audit				Evidence and Comments	
	Do not agree	Partially agree	Generally agree	Fully agree	Do not agree	Partially agree	Generally agree	Fully agree		
									<p>describing audit as a hindrance rather than a support.</p> <ul style="list-style-type: none"> Very competent, capable and professional staff 	respect (as acknowledged by the feedback received in our QA questionnaires).
Impact on organisational delivery									Customers	Internal audit
The internal audit service responds quickly to changes within the organisation NB – two respondents felt they could not comment on this question		1	3	3			x		<ul style="list-style-type: none"> Resources are limited so would support that audit respond to changes but that perhaps the team is not resourced to do so particularly 'quickly'. This is certainly helped by the approach of the Team where they are often actively involved in changes early on 	We adapt to the changing needs of the Council and new areas are added to the audit plan as and when required. This is why we have moved away from a 3-year plan in favour of a stand-alone annual plan. This allows for greater flexibility.
The internal audit service has the necessary resources and access to information to enable it to fulfil its mandate NB – two respondents felt they could not comment on this question		2	3	2			x		<ul style="list-style-type: none"> Resources are limited so would support that audit respond to changes but that perhaps the team is not resourced to do so particularly 'quickly'. On the basis that the annual Audit plan is generally delivered and no 'holes' have become apparent 	Normally yes. but 2022/23 has been a real challenge due to the long-term absence of one member of the team.
The internal audit service is adept at communicating the results of its findings, building support and securing agreed outcomes		1	4	4				x	<ul style="list-style-type: none"> My experience has been that there is always a useful dialogue with Audit on their findings 	We follow a well-established process for discussing the audit findings and securing management agreement to any recommendations that are made (as detailed in Audit Manual - Section 7)

Aggregated Questionnaire Responses	Customers				Internal audit				Evidence and Comments	
	Do not agree	Partially agree	Generally agree	Fully agree	Do not agree	Partially agree	Generally agree	Fully agree		
									<ul style="list-style-type: none"> Some relationships do need work and this is demonstrated by outstanding recommendations. Very happy with the approach taken by the Team 	
The internal audit service ensures that recommendations made are commercial and practicable in relation to the risks identified		1	6	2				x	<ul style="list-style-type: none"> There have been examples where recommendations have not been seen as practicable. I think better dialogue between the service and the auditor (perhaps through Senior Leadership Team) would help to arrive at recommendations that are better understood. Full discussions take place with relevant services before reports are issued 	Yes, we try to be pragmatic and only insist on control where necessary and the cost/benefit of doing so is proportionate to the risk. Minor issues are merely noted in the 'Advisories' section of the report.
There have not been any significant control breakdowns or surprises in areas that have been positively assured by the internal audit service			2	7				x	<ul style="list-style-type: none"> I would argue that the reason this is so positive is that we encourage early discussion between Audit and service teams before any major changes are made. 	We are careful not to give false assurance when significant issues are identified.
Has internal audit had a positive impact on Governance, Risk, and Control?									Customers	Internal audit
The internal audit service includes consideration of all risk areas in its work programme			4	4				x	<ul style="list-style-type: none"> I think focus on corporate performance capture and reporting needs improving. 	Yes, as far as possible (see our audit testing programmes).

Aggregated Questionnaire Responses	Customers				Internal audit				Evidence and Comments	
	Do not agree	Partially agree	Generally agree	Fully agree	Do not agree	Partially agree	Generally agree	Fully agree		
<i>NB – one respondent felt they could not comment on this question</i>									<ul style="list-style-type: none"> One of the major changes I have seen over the years is the move away from solely financial risks to include other areas of risk - a very positive change I feel I think focus on corporate performance capture and reporting needs improving. 	
Internal audit advice has a positive impact on the governance, risk, and the system of control of the organisation			3	6			x		<ul style="list-style-type: none"> Not only does the Team have a positive impact but they drive the agenda in these areas to a great extent 	Yes, our audit work always seeks to enhance these aspects.
Internal audit activity has enhanced organisation-wide understanding of governance, risk, and control	1	1	2	5				x	<ul style="list-style-type: none"> Achieved through the approach of the Team and also the approachability of the Team. Not sure officers and managers engage with audit findings routinely outside of their service area. Nothing comes to CMT for example. Limited opportunity for shared learning etc. 	Yes, see the reports submitted to the Audit and Standards Committee.
The internal audit service asks challenging and incisive questions that stimulate debate and improvements in key risk areas			3	6				x	<ul style="list-style-type: none"> IA has excellent traction within the Audit Committee. A good example of this - The Audit Manager recently led a review of council's risk management process and policy. 	We don't shy away from difficult questions if we are concerned that there is risk that is not properly controlled.

Aggregated Questionnaire Responses	Customers				Internal audit				Evidence and Comments		
	Do not agree	Partially agree	Generally agree	Fully agree	Do not agree	Partially agree	Generally agree	Fully agree			
									<ul style="list-style-type: none"> Not only achieved through specific internal audits but also general training on risks 		
The internal audit service raises significant control issues at an appropriate level in the organisation			4	5				x	<ul style="list-style-type: none"> Including the Chief Executive if necessary I'm not aware that audit reports are presented and discussed at SLT or CMT. 	We highlighted a significant issue at the Property Investment audit, but the Director concerned did not accept our findings. We therefore reported the matter to Members (see the Internal Audit Report to 30 September 2022 as submitted to the Audit and Standards Committee on 05/12/22).	
The organisation accepts and uses the business knowledge of internal auditors to help improve business processes and meet strategic objectives NB – one respondent felt they could not comment on this question		2	4	2				x	<ul style="list-style-type: none"> I have asked the Audit to support the improvement of a number of corporate business processes including risk management, service planning and business continuity. As above, very service focussed in my experience. 	Some service areas regularly ask Internal Audit for advice others do not.	
Internal audit activity influences positive change and continuous improvement to business processes, bottom line results and accountability within the organisation		1	4	4					x	<ul style="list-style-type: none"> Again due to the approach of the Team and their approachability Yes, generally but could have more corporate focus. 	Yes, although the extent of our influence is not always easy to quantify.
Internal audit activity promotes appropriate ethics and values within the organisation			3	6					x		We aim to lead by example as stated in the Audit Manual. (See also the Review of Internal Audit 2021/22).

Remedial actions	Target date	Responsibility
<p>E It was noticeable that the poorest scores came from the Chair of the Audit and Standards Committee. However, his concerns do not seem to be about the function but rather how the function is viewed. Therefore, a meeting should be held with the Chair to discuss his concerns and agree how to improve this.</p>	August 2023	Audit Manager
<p>F. Discuss, with relevant officers, areas where there is partial agreement. Agree actions to improve on these areas.</p>	August 2023	Audit Manager
<p>Associated references</p> <p>PSIAS: 2110 Governance 2120 Risk Management 2130 Control</p>		

Summary assessment

		Does not conform	Partially conforms	Generally conforms	Fully conforms	Comments
	Purpose & positioning					
•	• Remit				√	
•	• Reporting lines			√		
•	• Independence			√		
•	• Other assurance providers				√	
•	• Risk based plan				√	
	Structure & resources					
•	• Competencies				√	
•	• Technical training & development		√			
•	• Resourcing				√	
•	• Performance management				√	
•	• Knowledge management				√	
	Audit execution					
•	• Management of the IA function				√	
•	• Engagement planning				√	
•	• Engagement delivery				√	
•	• Reporting				√	
		Do not agree	Partially agree	Generally agree	Fully agree	Comments
	Impact					
•	• Standing and reputation of internal audit	2	3	20	15	
•	• Impact on organisational delivery	0	5	20	21	Two respondents did not feel they could respond to two questions
•	• Impact on Governance, Risk, and Control	1	4	29	44	One respondent did not feel they could respond to two questions
Does not conform		Partly Conforms		Generally conforms		√ Fully conforms

Remedial actions

Page	Section	Name	Area	Remedial Action	Target	Responsibility	Comments
7	1	Purpose and Positioning	Remit	Consideration should be given to adding to the Charter who approves the Charter and the date it was approved.	August 2023	Audit Manager	IMPLEMENTED - The Internal Audit Charter has now been updated to state that it must be approved by the Audit and Standards Committee and the copy kept by the Audit Manager shows the date it was last approved.
9	1	Purpose and Positioning	Reporting Lines	If full conformity is required then consideration should be given to the committee Chair being given the opportunity to comment on the appraisal of the CAE.	August 2023	Audit Manager	NOT AGREED - There are no plans to implement this recommendation since Members have no involvement in the appraisal of any senior officer apart from the Chief Executive and the Deputy Chief Executive is of the opinion that the current approach is sufficient.
11	1	Purpose and Positioning	Statements of Good Practice	Consideration should be given to annually asking auditors to agree to abide by all the relevant audit docs e.g. manual, charter, code of ethics etc.	August 2023	Audit Manager	AGREED – All auditors will be asked to sign a statement to this effect on an annual basis.

Page	Section	Name	Area	Remedial Action	Target	Responsibility	Comments
16	2	Structure and Resources	Technical Training and Development	Consideration should be given to allowing 5 days of training for those with an IIA qualification to ensure that they can complete the compulsory CPD.	March 2023	Audit Manager	IMPLEMENTED – The time allocation for training/CPD activity in the 2023/24 Audit Plan is now 5 days for each auditor.
32	4	Impact	Senior Managers and Chair feedback	It was noticeable that the poorest scores came from the Chair of the Audit and Standards Committee. However, his concerns do not seem to be about the function but rather how the function is viewed. Therefore, a meeting should be held with the Chair to discuss his concerns and agree how to improve this.	August 2023	Audit Manager	AGREED – A meeting with the Chair of the Audit and Standards Committee will be arranged to discuss his concerns and improve his understanding of how Internal Audit operate.
32	4	Impact	Senior Managers and Chair feedback	Discuss, with relevant officers, areas where there is partial agreement. Agree actions to improve on these areas.	August 2023	Audit Manager	AGREED – This feedback will be followed up with a view to understanding the officers' concerns and addressing the issues raised.

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Quality Assurance and Improvement Programme

Action Plan for 2023/24					
Reference	Standard	Issue Found	Action Required	Officer Responsible For Delivery	Target Date
Peer Review Item C (Page 11/Section 1)	Code of Ethics	Statements of Good Practice Consideration should be given to annually asking auditors to agree to abide by all the relevant audit docs e.g. [audit] manual, charter, code of ethics etc.	All auditors will be asked to sign a statement to this effect on an annual basis.	Audit Manager	31 August 2023
Peer Review Item E (Page 32/Section 4)	–	Senior Managers and Chair feedback It was noticeable that the poorest scores [on the feedback questionnaire] came from the Chair of the Audit and Standards Committee. However, his concerns do not seem to be about the function but rather how the function is viewed. Therefore, a meeting should be held with the Chair to discuss his concerns and agree how to improve this.	A meeting with the Chair of the Audit and Standards Committee will be arranged to discuss his concerns and improve his understanding of how Internal Audit operate.	Audit Manager	31 August 2023
Peer Review Item F (Page 32/Section 4)	–	Senior Managers and Chair feedback Discuss, with relevant officers, areas where there is partial agreement [to the impact statements on the feedback questionnaire]. Agree actions to improve on these areas.	This feedback will be followed up with a view to understanding the officers' concerns and addressing the issues raised.	Audit Manager	31 August 2023

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Rother District Council

Report to:	Audit and Standards Committee
Date:	19 June 2023
Title:	2022/23 Statement of Accounts – Audit Planning Risk Assessment
Report of:	Duncan Ellis – Interim Deputy Chief Executive
Purpose of Report:	To consider whether the management responses relating to the 2022/23 Audit Planning Risk Assessment as shown in Appendix A are consistent with Members' own understanding
Officer	
Recommendation(s):	It be RESOLVED : Members confirm that the management responses in Appendix A are in line with their own understanding

Introduction

1. The Council's external auditors (Grant Thornton) must adopt International Standards in Auditing (ISA) when completing their work. This ensures that the Council receives value for money and high-quality audit outcomes. Auditing standard ISA 540 was revised in December 2018 to provide auditors with more robust guidance aimed at increasing audit quality. It requires auditors to scrutinise more closely defined areas of risk.
2. To comply with the revised standard Grant Thornton requested information on certain management processes and the oversight of those processes by the Audit and Standards Committee (ASC). For the 2022/23 accounts audit the Council has provided this information in the form of a completed questionnaire. The responses contained in Appendix A.

Those Charged with Governance (TCWG)

3. The term 'Those Charged with Governance' (TCWG) refers to those individuals within an organisation who have responsibility for the oversight of certain processes and controls, including the external audit process. In this context it refers to the Audit and Standards Committee.
4. A key requirement of IAS 540 requires the auditors to confirm that the management responses included Appendix A are consistent with the understanding of TCWG. The input from TCWG on the Planning Risk Assessment needs to be evidenced by the auditors to inform their work on the 2022/23 accounts audit.

Management Responses

5. As part of their risk assessment procedures Grant Thornton must obtain an understanding of the Council's management processes and oversight of the following areas:
 - a. General enquiries of Management;
 - b. Fraud;
 - c. Laws and Regulations;
 - d. Related Parties;
 - e. The Council as a Going Concern;
 - f. Accounting Estimates
6. Appendix A includes a range of questions asked in respect of the areas shown above and the management responses to them. TCWG must consider whether the responses are consistent with their own understanding.

Conclusion

7. The details provided within Appendix A show the management responses to the clarifications and assurances requested from the external auditors and reflect the current position in relation to the 2022/23 final accounts.
8. It is recommended that the ASC confirm that the management responses in Appendix A are in line with their own understanding.

Financial Implications

9. The financial implications are those associated with the 2022/23 Statement of Accounts contained within the appendix.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	External Consultation	No
Environmental	No	Access to Information	No
Risk Management	No	Exempt from publication	No

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Appendices:	A Informing the audit risk assessment for Rother District Council 2022/23
Relevant Previous Minutes:	N/A
Background Papers:	N/A.
Reference Documents:	N/A

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Purpose

The purpose of this report is to contribute towards the effective two-way communication between Rother District Council's external auditors and Rother District Council's Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit Committee under auditing standards.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Committee and supports the Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Council's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties, and
- Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from Rother District Council's management. The Audit Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2022/23?	They will again be increased activity within the capital programme and associated capital grant receipts. There will also be an impact from the residual Covid and energy rebate grants which need to be accounted for correctly and reconciled, including the impact of CARF grant on the collection fund entries.
2. Have you considered the appropriateness of the accounting policies adopted by Rother District Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies?	Yes, they are deemed appropriate, we had a thorough review of the policies last year with some changes made (leases and componentisation) and we do not intend to make any new changes this year.
3. Is there any use of financial instruments, including derivatives?	Yes, PWLB borrowing and continued investments in property funds, but no derivatives (no change since last year).
4. Are you aware of any significant transaction outside the normal course of business?	Energy Rebate grants, Grants in relation to Ukrainian guests and hosts, increased capital expenditure, sale of land to an NHS Trust, further purchases of Temporary Accommodation properties.

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	No, but the Property investment and regeneration manager will highlight to external valuers any properties which may be subject to impairment as part of the instruction to them.
6. Are you aware of any guarantee contracts?	No.
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	No.
8. Other than in house solicitors, can you provide details of those solicitors utilised by Rother District Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	We mainly use Wealden Legal Services as our 'in-house' provider who themselves use various external counsel services. We have also used Bevan Brittan for advice relating to the Blackfriars site.

General Enquiries of Management

Question	Management response
9. Have any of the Rother District Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?	No.
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	Link Asset Services – Treasury Management. PS Tax – VAT advice. Caroline Wright – Collection Fund Accounting.

Fraud

Issue

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit Committee and management. Management, with the oversight of the Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As Rother District Council's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit Committee oversees the above processes. We are also required to make inquiries of both management and the Audit Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from Rother District Council's management.

Fraud risk assessment

Question	Management response
<p>1. Have Rother District Council assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Council's risk management processes link to financial reporting?</p>	<p>Yes.</p> <p>The Internal Audit Team undertake regular audits on related matters, which are reported to Audit & Standards committee throughout the year.</p> <p>Risks identified in the risk register are identified as part of the Medium Term Financial Planning process.</p> <p>The Risk Register is reported to, and managed by, the Corporate Management Team.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>Any energy rebate schemes.</p> <p>Council Tax Reduction scheme.</p> <p>Housing Benefit payments.</p>

Fraud risk assessment

Question	Management response
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Rother District Council as a whole or within specific departments since 1 April 2022? As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>No.</p> <p>We would communicate them to Internal Audit, if suspected.</p>
<p>4. Have you identified any specific fraud risks?</p>	<p>See answer 2 above.</p>
<p>5. Do you have any concerns there are areas that are at risk of fraud?</p>	<p>None specifically.</p>
<p>6. Are there particular locations within Rother District Council where fraud is more likely to occur?</p>	<p>They would be most likely to occur within Revenues and Benefits but these are scrutinised by Internal Audit.</p>
<p>7. What processes do Rother District Council have in place to identify and respond to risks of fraud?</p>	<p>Internal Audit team.</p> <p>Various internal control processes covering all areas of the Council's operation. The Council operates a Whistleblowing Policy, an Anti-fraud and Corruption Strategy and other associated strategies which all form part of the Council's Anti-fraud and Corruption framework, details of which can be accessed on the Council's website here.</p>

Fraud risk assessment

Question	Management response
<p>6. How do you assess the overall control environment for Rother District Council, including:</p> <ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?</p>	<p>The Internal Audit team perform regular audits and areas deemed to be at a higher risk are audited more often. Recommendations with greater urgency are prioritised to be addressed more quickly.</p> <p>N/A.</p> <p>We operate a Scheme of Delegation upon which segregation of duties is based.</p> <p>No.</p>
<p>7. Are there any areas where there is potential for misreporting?</p>	<p>No</p>

Fraud risk assessment

Question	Management response
<p>8. How do Rother District Council communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud?</p> <p>Have any significant issues been reported?</p>	<p>HR policies. Procurement Strategy, procurement rules and contracts.</p> <p>We have a Whistleblowing Policy (see response to 5 above also).</p> <p>Any suspicions of fraudulent activity.</p> <p>No.</p>
<p>9. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Any post dealing with banking, cash handling, payment and payroll activities.</p> <p>See previous response (6 above) on Scheme of Delegation and separation of duties.</p>
<p>10. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>No.</p> <p>As part of the Statement of Accounts we are required to compile a list of such relationships and transactions for Senior Officers and Members.</p> <p>Members of committees are also required to announce formally any declarations of interests prior to the commencement of all Committee meetings.</p> <p>Direct bank payments require setting up plus dual authorisation. There are also several people involved in payment run transactions (requisitions/approvals).</p>

Fraud risk assessment

Question	Management response
<p>11. What arrangements are in place to report fraud issues and risks to the Audit Committee? How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control? What has been the outcome of these arrangements so far this year?</p>	<p>See previous response re: reporting to Audit & Standards Committee.</p> <p>Via Internal Audit reports.</p> <p>Any issues of concern are raised by Members and Officers respond accordingly.</p>
<p>12. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>No.</p>
<p>13. Have any reports been made under the Bribery Act?</p>	<p>No.</p>

Law and regulations

Issue

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit Committee, is responsible for ensuring that Rother District Council's operations are conducted in accordance with laws and regulations including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit Committee as to whether the entity is in compliance with laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Rother District Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?</p>	<p>Wealden District Council (WDC) Legal Services, East Sussex Procurement Hub (based at WDC) and Democratic Services ensure compliance. Also, The Information Officer regarding Data Protection.</p> <p>See above response.</p> <p>No.</p>
<p>2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>Reports to Audit & Standards committee have mandatory sections on legal and financial implications, which must be reviewed/completed by the relevant professional officers. Also, all reports must be cleared by the Corporate Management Team before going to the committee.</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2022 with an on-going impact on the 2022/23 financial statements?</p>	<p>No.</p>
<p>4. Is there any actual or potential litigation or claims that would affect the financial statements?</p>	<p>No.</p>

Impact of laws and regulations

Question	Management response
5. What arrangements does Rother District Council have in place to identify, evaluate and account for litigation or claims?	We refer such cases to WDC Legal Services.
6. Have there been any report from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	No.

Related Parties

Issue

Matters in relation to Related Parties

Rother District Council are required to disclose transactions with entities/individuals that would be classed as related parties. These may include:

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- entities that directly, or indirectly through one or more intermediaries, control, or are controlled by Rother District Council
- associates;
- joint ventures;
- an entity that has an interest in the authority that gives it significant influence over the Council;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Council or of any entity that is a related party of the Council.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the [type of body]'s perspective but material from a related party viewpoint then the Council must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in Rother District Council's 2021/22 financial statements? If so please summarise:</p> <ul style="list-style-type: none"> the nature of the relationship between these related parties and Rother District Council whether Rother District Council has entered into or plans to enter into any transactions with these related parties the type and purpose of these transactions 	<p>No major changes have been identified at this stage, but the data is subject to review during the closedown process.</p>
<p>2. What controls does Rother District Council have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>Members and senior officers are approached to disclose their interests in third parties and a report is run and data analysed to show payments to those. For 2022-23 we have introduced an electronic declaration form with the information on those parties which will be sent to Members to read, amend if necessary and submit electronically</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>A scheme of delegation function of the ERP system (Unit 4) ensures only authorised persons are allowed to approve requisitions, dual authorisation on online direct payments from the bank account</p>
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>As above. Any transactions paid directly from the bank account go through three officers, one setting the payment and two authorised approvers.</p>

Accounting estimates

Issue

Matters in relation to Related Accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess an entity's internal controls over accounting estimates, including:

- Page 124
- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
 - How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
 - How the entity's risk management process identifies and addresses risks relating to accounting estimates;
 - The entity's information system as it relates to accounting estimates;
 - The entity's control activities in relation to accounting estimates; and
 - How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	<p>Fixed asset valuations/Impairments.</p> <p>Pension fund asset/liabilities (RDC share only).</p> <p>NNDR Appeals – reported to Audit & Standards Committee as part of the critical judgements report.</p> <p>Investments (Fair Value adjustment).</p> <p>Accruals.</p>
2. How does the Authority's risk management process identify and addresses risks relating to accounting estimates?	<p>Risk Management is monitored and managed at CMT level. The Chief Finance Officer would identify any such risks and advise CMT accordingly.</p>
3. How do management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	<p>Accountants use actual and extrapolate from historical data, they use POs, advice from departments and their own judgement. They are explained in the working papers.</p>
4. How do management review the outcomes of previous accounting estimates?	<p>Actuals from previous years are compared with estimates by individual accountants to inform methodology going forward. We will continue with this approach this year.</p>
5. Were any changes made to the estimation processes in 2022/23 and, if so, what was the reason for these?	<p>For accruals we continued using a report with expenditure transactions reviewed by individual accountants and processed by one of them coordinating the process. We will restrict this activity to the middle of April and further accruals will be done by individual accountants based on historical data, existing Purchase orders and their judgement. Accruals below £100 would not normally be processed unless they resulted</p>

Accounting Estimates - General Enquiries of Management

Question	Management response
<p>6. How do management identify the need for and apply specialised skills or knowledge related to accounting estimates?</p>	<p>If there is no internal expertise, we would use the skills of external consultants (LINK) who in turn use the actual new loan rates from the DMO.</p> <p>We use Wilkes Head and Eve (WHE) for Property valuations. We use Analyse Local to provide a view on NNDR Appeals provision.</p> <p>Staff attend specific professional training events organized by CIPFA and others.</p>
<p>7. How does the Authority determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?</p>	<p>As above, the information provided would be reviewed and challenged if appropriate.</p>
<p>8. How do management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?</p>	<p>As above.</p>
<p>9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including:</p> <ul style="list-style-type: none"> - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements. 	<p>Methods are agreed with accountants prior to closedown, working papers are required, journals require management's approval before being posted.</p>

Accounting Estimates - General Enquiries of Management

Question	Management response
10. Are management aware of transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)?	We would review and amend our assumptions and estimates made on NNDR Appeals and Impairment of doubtful debts. We would consider any other issues in due course for inclusion.
11. Are the management arrangements for the accounting estimates, as detailed in Appendix A reasonable?	As above, we would review them in the process.
12. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate ?	Any changes to accounting policies The CFO will communicate any significant changes to accounting policies as part of the accounts reporting cycle if any are introduced or amended following annual reviews.

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuations	Wilks, Head & Eves undertake annual cycle of valuations	Output reviewed by ATRS and Finance	Yes	Review by ATRS and Finance	No
Investment property valuations	Wilks, Head & Eves undertake annual cycle of valuations These are 100% revalued each year	Output reviewed by ATRS and Finance	Yes	Review by ATRS and Finance	No
Depreciation	Straight Line method	Output reviewed by Senior Finance Officers	No	Asset lives reviewed for suitability. Sensitivity analysis presented as part of the statements	Yes, possible Useful Economic Lives of Assets reviewed

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Valuation of defined benefit net pension fund liabilities	Report from East Sussex Local Government Pension scheme	Output reviewed by Senior Finance Officer	Yes	Review of actuary's report.	No
Fair value pensions	Report from external consultants Link Treasury Services	Output reviewed by Senior Finance Officers	Yes	Review of the Fair Value Report from Link	No

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Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
NNDR Appeals provision	Use data provided by VOA and analysed by Analyse Local	Review by Senior Finance Officers	Yes	Data taken from Analyse Local portal	No, but this will be reviewed this year
Significant Accruals	Year on year comparisons/analytical reviews carried out by Accountants. Use of available information on Covid/Energy Rebate grants	Year end instructions communicated to Accountants and monitored during weekly closedown meetings.	No	Accruals based on actual invoices, raised Purchase Orders and/or estimated values agreed with Service Managers.	No
Credit loss allowance	Per Council's accounting policies.	Year end instructions produced by year end Accountant.	No	Estimates based on professional judgement of the Year End accountant.	No



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AUDIT AND STANDARDS COMMITTEE

WORK PROGRAMME 2023 – 2024	
DATE OF COMMITTEE	SUBJECT
Monday 19 June 2023	<p>Part A – Standards Reports</p> <ul style="list-style-type: none"> • Local Government and Social Care Ombudsman Complaints Monitoring • Code of Conduct Complaints Monitoring and other Standards Matters • Draft Annual Report to Council – Ethical Standards Matters <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • Internal Audit – Annual Report and Opinion 2022/23 • Internal Audit – Peer Review • 2022/23 Statement of Accounts – Audit Planning Risk Assessment
Wednesday 26 July 2023	<p>Part A – Standards Reports (none scheduled)</p> <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • Grant Thornton – External Audit Plan 2022/23 • Statement of Accounts 2022/23 • Annual Governance Statement 2022/23 • Treasury Management Update – 2022/23 Outturn • Treasury Management Update • Self-Assessment of the Audit and Standards Committee
Monday 2 October 2023	<p>Part A – Standards Reports (none scheduled)</p> <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • Grant Thornton – Audit Progress Report and Sector Update • Internal Audit Report to 30 June 2023 • Treasury Management Update • Risk Management Update
Monday 4 December 2023	<p>Part A – Standards Reports</p> <ul style="list-style-type: none"> • Local Government and Social Care Ombudsman Complaints Monitoring • Code of Conduct Complaints Monitoring and other Standards Matters • Self-Assessment of RDC Owned/Leased Accommodation Complaints Handling <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • Grant Thornton – Audit Findings Report 2022/23 • Internal Audit Report to 30 September 2023
Monday 25 March 2024	<p>Part A – Standards Reports (none scheduled)</p> <p>Part B – Audit Reports</p>

WORK PROGRAMME 2023 – 2024

DATE OF COMMITTEE	SUBJECT
	<ul style="list-style-type: none">• Grant Thornton – Audit Progress Report and Sector Update• Grant Thornton – Annual Audit Report 2022/23• External Auditor - External Audit Plan 2023/24• Internal Audit Report to 31 December 2023• Internal Audit Plan 2024/25• Review of Internal Audit 2023/24• Risk Management Update• Property Investment Strategy Update• Treasury Management Update