

Audit and Standards Committee

Date and Time - **Monday 25 March 2024 – 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, Mrs V. Cook (ex-officio), P.J. Gray, 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 meeting of the Audit and Standards Committee held on the 28 February 2024 as a correct record 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 AND DISPENSATIONS

To receive any disclosures by Members of disclosable pecuniary interests / other registerable interests / non-registerable interests in matters on the agenda and the nature of any interest and details of any dispensations obtained. Members are reminded of the need to repeat their declaration immediately prior to the commencement of the item in question.

PART A - STANDARDS REPORTS - NONE

PART B - AUDIT REPORTS

- ### **5. PROPOSED CHANGE TO THE DECISION-MAKING STRUCTURE - REDUCTION OF MEMBERS APPOINTED TO THE PLANNING COMMITTEE (Pages 3 - 6)**

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(Tel: 01424 787815)
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6. **INTERNAL AUDIT REPORT TO 31 DECEMBER 2023** (Pages 7 - 22)
7. **TREASURY MANAGEMENT UPDATE REPORT QUARTER 3** (Pages 23 - 34)
8. **REVIEW OF INTERNAL AUDIT 2023/24** (Pages 35 - 44)
9. **ROTHER DC HOUSING COMPANY GOVERNANCE MONITORING** (Pages 45 - 52)
10. **INTERNAL AUDIT PLAN 2024/25** (Pages 53 - 68)
11. **WORK PROGRAMME** (Pages 69 - 70)

Lorna Ford
Chief Executive

Agenda Despatch Date: 15 March 2024

Rother District Council

Report to: Audit and Standards Committee

Date: 25 March 2024

Title: Proposed Change to the decision-making structure – reduction of Members Appointed to the Planning Committee

Report of: Lorna Ford, Chief Executive

Purpose of Report: To propose a reduction in the number of Members appointed to the Planning Committee in the interests of efficiency of decision making.

Officer

Recommendation(s): **Recommendation to COUNCIL:** That:

- 1) the number of Members appointed to the Planning Committee be reduced from 14 to 10 to take effect from the first meeting in the new civic year 2024-25 (30 May);
- 2) the views of the Planning Committee be sought at an informal MS Teams meeting in due course and their comments received alongside the reference from this Committee; and
- 3) the Chief Executive be authorised to make all necessary amendments to the Council’s Constitution to reflect the new size of the Committee, subject to full Council approval.

Introduction

1. This report proposes a change to the decision-making structure with a reduction in the size of the Planning Committee from 14 Members to 10, subject to full Council approval at the Annual Council Meeting.
2. Given the tight timescale to enable this proposal to be approved at the Annual Council Meeting, it has not been possible to consult formally with the Planning Committee ahead of this meeting. The Planning Committee will be consulted informally via MS Teams in due course and their views submitted to the Annual Council Meeting, as part of the reference from this Committee.

Current Position

3. The Planning Committee comprises 14 Members which is a medium to large Committee and it has been this size for 20 years, reducing from 15 to 14 in December 2003. The Members are appointed in accordance with political balance and currently this is broken down as four Conservative Members, three each for the Rother Association of Independents, Labour and Liberal Democrats and one Green.

4. There is also a high number of Cabinet Members either acting as Substantive (three) or Substitute (four) Members on the Planning Committee which is inadvisable. The Cabinet and Planning Committee role can regularly clash, particularly if the portfolio is relevant to a particular application or if an application has a positive or negative impact on the Council's corporate priorities or land.
5. The time and commitment required by Members of the Planning Committee should not be underestimated. The Planning Committee meets monthly, usually has site inspections the Tuesday before the Thursday meeting, has large agendas, usually with complex, contentious applications to consider requiring significant pre-reading and research before each meeting. The number of Members who can dedicate their time to this role is therefore limited.
6. Since the introduction of the public speaking scheme in its present form, the length of meetings has also increased, and on some occasions, have been over six hours in length.

Proposal

7. The most effective Planning Committees tend to be smaller, under 10 Members. In comparison to 16 other councils across the south east, 13 (81%) have less than 14 Members, with six of these, having 10 or less Members.
8. It is therefore recommended that the number of Members appointed to the Planning Committee be reduced from 14 to 10. The number of Members appointed by each political group, will be reduced by one per group (save for the Green Party who retain their existing seat) as follows:

| | |
|-----------------------------|-----------|
| Conservative | 3 |
| Association of Independents | 2 |
| Labour | 2 |
| Liberal Democrat | 2 |
| Green | 1 |
| TOTAL | 10 |

9. Each political party would have a named substitute as per the current substitute scheme.
10. The Planning Committee will consider and take forward other recommendations for improvement as soon as practical in the new civic year, which will include amongst other matters, a comprehensive review of the public speaking scheme.

Conclusion

11. In order to ensure effective and efficient decision making, the Planning Committee is reduced from its current size from 14 to 10 Members appointed in accordance with political balance and that this takes effect from the new civic year, subject to full Council approval. The first meeting of the Planning Committee is on 30 May 2024.

Implications

Financial Implications

12. There will be modest savings in terms of mileage claims by less Members attending the Town Hall for site inspections and Planning Committee Meetings.
13. There will also be a reduction in costs for site visits as a smaller mini-bus will accommodate the Committee and will cost less than the current 22-seater coach.
14. There will also be modest potential savings in paper costs as several Members currently have hard copy agendas due to the size and complexity of the reports and this number may reduce with less Members serving on the Committee.

Legal Implications

15. There are no legal implications for the proposals within this report.

Human Resources Implications

16. There are no Human Resource implications for the proposals within this report.

Environmental

17. Less travel and less paper will result in a reduction of the Council's carbon footprint in managing the Planning Committee.

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

| | |
|----------------------------|--|
| Chief Executive: | Lorna Ford |
| Report Contact Officer: | Ben Hook, Director – Place and Climate Change |
| e-mail address: | Ben.Hook@rother.gov.uk |
| Appendices: | None |
| Relevant Previous Minutes: | None |
| Background Papers: | None |
| Reference Documents: | None |

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Rother District Council

| | |
|-----------------------------------|---|
| Report to: | Audit and Standards Committee |
| Date: | 25 March 2024 |
| Title: | Internal Audit Report to 31 December 2023 |
| Report of: | Gary Angell, Audit Manager |
| Purpose of Report: | To report on Internal Audit activity in the third quarter of 2022/23 and to provide a progress update on the implementation of audit recommendations made in earlier periods. |
| Officer Recommendation(s): | It be RESOLVED: That the Internal Audit report to 31 December 2023 be noted. |

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. The Council's Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards. It is a requirement of these Standards that we report to the Audit and Standards Committee on audit matters and any emerging issues not only in relation to audit, but also to risk management and corporate governance.

Current Position

3. Progress on the 2023/24 Audit Plan is still a bit behind schedule, but the Audit Manager remains confident that the majority of the work on the Governance audits should be completed by 31 March 2024.

Summary of Activity to 31 December 2023

4. Six audit reports were issued in the quarter. An overview of the findings arising from each of these audits is given in the Executive Summaries which are reproduced in Appendix A. All provided Good or Substantial assurance.

Implementation of Audit Recommendations

5. Each quarter, Members are updated on the progress made on implementing the audit recommendations reported at previous meetings. Appendix B shows a summary of the current position.
6. There are currently 12 recommendations in the 'Old Years' section. Most of these relate to 2022/23, but four older recommendations still remain outstanding, and none of these have moved forward in the last quarter. For example, the Council is still waiting for Legal Services to produce a draft Service Level Agreement (SLA) or Inter Authority Agreement (IAA) for the East Sussex

Procurement Hub but nothing has so far been forthcoming despite multiple requests for them to produce this document over the past six months. It is also noted that the second draft of a new Disaster Recovery Plan, which was produced in October 2023, still requires further work before it can be finalised.

7. The Audit Manager met with the Head of Digital and Customer Services and IT Manager on 28 February 2024 to discuss his concerns about the apparent lack of progress made on many of the recommendations still outstanding in their service area. These included the ICT Governance (Disaster Recovery Plan issue), two Data Protection issues and some recommendations from other more recent audits. This resulted in a number of action points and a commitment to resolve the oldest recommendations by the time that Members consider this report. A verbal update on whether or not this has been achieved will be provided at the meeting.
8. The Audit Manager also intends to discuss all longstanding recommendations with the Senior Leadership Team in the near future to promote further progress in this area.
9. The current year position has seen a slight dip in performance. This can be wholly attributed to the unusually high volume of new recommendations added since the June quarter as a result of the many issues found at the ICT Asset Management, Blackfriars Spine Road Project and Housing Company Governance audits. Good progress is however being made in respect of most of these recommendations, although a number of them are yet to be fully resolved. These cases are shown as 'work-in-progress'.

Audits Planned Next Quarter

10. The audits scheduled to take place in the first quarter of 2024/25 are yet to be determined. They will be selected from the new Audit Plan once it has been approved elsewhere on this agenda.

Conclusion

11. Six audits were issued this quarter. All received Good or Substantial assurance.
12. The number of longstanding audit recommendations is slowly decreasing, but the progress made on these still needs to be improved.

| 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 |

| | |
|-------------------------|--|
| Chief Executive: | Lorna Ford |
| Report Contact Officer: | Gary Angell, Audit Manager |
| e-mail address: | gary.angell@rother.gov.uk |

| | |
|-------------|--|
| Appendices: | A – Audit Reports issued during Quarter to 31 December 2023 B – Summary of Progress on Recommendations Made up to 30 September 2023 |
|-------------|--|

| | |
|----------------------------|---------|
| Relevant Previous Minutes: | AS22/45 |
| Background Papers: | None. |
| Reference Documents: | None. |

CORPORATE PROGRAMME MANAGEMENT AUDIT

Service Manager: Nicola Mitchell

Officer(s) Responsible for Implementing Recommendations: Nicola Mitchell

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**).

| | |
|--|-----------------|
| <p>Project Management Toolkit – A Corporate Programme project management toolkit is available to assist officers in managing projects effectively and efficiently; this is used for all major corporate projects.</p> | <p>M</p> |
| <p>Business Case – All Corporate Programme projects have a comprehensive business case; project aims are clearly stated and an analysis of the various options to deliver them has been carried out; a thorough assessment of the strengths and weaknesses of the project has been undertaken; the project has been costed using real world comparisons and with the input and assistance of the Accountancy Team; the business case is reviewed and approved by the Senior Leadership Team and Members, where appropriate.</p> | <p>P</p> |
| <p>Risk Management – Corporate Programme project risks are identified, evaluated, and recorded in a project risk register; the risk register records the mitigating actions and controls in place to reduce project risks; the risk register is monitored and reviewed throughout the project.</p> | <p>M</p> |
| <p>Procurement – Project expenditure is in accordance with the Council’s Procurement Procedure Rules.</p> | <p>M</p> |
| <p>Budgetary Control – Costs and funding arrangements are monitored throughout the project; actual and projected overspends are reported to the Chief Finance Officer and Members in accordance with Financial Procedure Rules.</p> | <p>P</p> |
| <p>Project Slippage – Project timescales for implementation are realistic at the outset and continually monitored to ensure key project milestones are met.</p> | <p>M</p> |

Post Implementation Review – All projects in the Corporate Programme are subject to a post implementation review on completion, to identify key learning points which can be used to improve procedures for future projects.

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:

- **Project Funding** – Some projects had been approved even though the funding arrangements were unclear or unknown at the time the project scoping document was produced. The report therefore recommends that the Programme Board should consider only approving projects once the costs and funding arrangements are known and approved.
- **Overspends** – The reason for project overspends is reported to the Programme Board. However, the full extent of the overspend is not always properly quantified. The report recommends that project overspends should be quantified and reported in detail to the Programme Board as part of the project close out process. It is especially important that the Board is made aware of the ongoing revenue funding implications of overspends which are financed through borrowing.
- **Borrowing Costs** – The cost of borrowing has risen significantly over the last 18 months due to increasing interest rates. However, this risk does not appear on the risk registers for many of the high value projects which are reliant on borrowing for at least part of their funding. The report recommends that project managers should be reminded of the importance of monitoring interest rates to allow for early intervention if increased borrowing costs affect a project’s viability. The risk of rising interest rates should be included in risk registers.

Executive Summary

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

Internal Audit Service
October 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.

SECTION 106 AGREEMENTS - INCOME COLLECTION AUDIT

Service Manager: Kemi Erifevieme

Officer(s) Responsible for Implementing Recommendations: Kemi Erifevieme

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**).

| | |
|---|----------|
| Systems are in place to identify financial obligations within Section 106 agreements once they become due. | P |
| Sums are billed promptly as and when they become due and are correctly calculated considering any uplift or overage clauses within the agreement. | 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 only issues found relate to:

- **Record Keeping** – Full and up to date details of all Section 106 financial obligations should be entered on the Ocella system, but a few cases were identified where this had not been done. A recommendation is made for management to ensure all such obligations are entered on the system, including any subsequent amendments, and for a second officer to check that this has been done correctly.
- **Collection of Funds** – Where payment of Section 106 funds are dependent on development milestones (e.g. a percentage of the development completed, sale of fifth dwelling etc), the onus is currently on the developer to advise the Council when sums are due. Consequently, cases could be missed, although no instances of this were identified at the audit. A recommendation is made for management to introduce a process that allows for proactive monitoring of all live Section 106 developments, with a view to identifying when sums fall due.

One possible solution to both these issues would be the creation of a designated Section 106 Monitoring Officer role. This is something that management are willing to explore as it would enable them to assign responsibility for the recording and updating of all Section 106 obligations, and the proactive monitoring of Section 106 developments, to a specific officer. However, if this role does not come to fruition, then an alternative solution will need to be found.

Executive Summary

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

Internal Audit Service
November 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. |

TEMPORARY ACCOMMODATION INVESTMENT AUDIT

Service Manager: Joe Powell

Officer(s) Responsible for Implementing Recommendations: Kathryn Harlow

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**).

| | |
|---|----------|
| Strategy – There is a temporary accommodation investment strategy which outlines the criteria for the procurement of property which has been approved by Members. | M |
| Acquisition – All property acquisitions are within the approved budget, meet the requirements of the strategy and any grant conditions, are subject to due diligence, health and safety, and financial appraisal checks and are duly authorised. | P |
| Property Management – Properties purchased for temporary accommodation are kept in a good state of repair and meet safety standards. | M |
| Rental Income – All rental income is collected and accounted for. | P |
| Performance – All Council-owned temporary accommodation is fully utilised. | 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 only issues found relate to:

- **Financial Appraisal** – A full financial appraisal is not currently carried out prior to the purchase of each property, although Accountancy have advised that this will now be done moving forward. To ensure consistency of approach, the report recommends that the methodology for calculating financial appraisals should be agreed, documented, and communicated to all relevant officers. This had already

been acted upon before the report was issued, and a template spreadsheet has been produced for the financial appraisal of future purchases.

- **Rent Records** – There are potential issues with the integrity of the data on the Alto (Property management) system as discrepancies were found between the Cash Book records of rent received and the actual rent recorded as paid on the Academy system. The Housing team provided evidence from other datasets in the Alto system showing that rent receipts have been fully recorded and are up to date for all cases queried. However, it is unclear whether the initial Cash Book data extracted from Alto was incorrect due to human error, or there are data integrity issues with the software itself. The report therefore recommends that management should liaise with the software provider to ensure the integrity of the data held in the system can be relied upon for the monitoring of rent.

Executive Summary

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

Internal Audit Service
November 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

Overall Level of Assurance: **GOOD**

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. | M |
| Benefit Assessment – Benefits are properly due and are calculated correctly. | M |
| Payment – Rent allowances are promptly paid to those for whom they are intended. | M |
| 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 good assurance can be given on the governance arrangements as no significant issues were found.

Executive Summary

Overall, the control objectives are considered to have been met and it was not necessary to make any formal recommendations to management as a result of this audit.

Internal Audit Service
December 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. |

COMMUNITY INFRASTRUCTURE LEVY (FOLLOW UP) AUDIT

Service Manager: Jeff Pyrah

Officer(s) Responsible for Implementing Recommendations: Aaron Sams

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 in place. When the Community Infrastructure Levy was last audited in 2022/23, only limited assurance could be given owing to the number of issues found, particularly in respect of collection and enforcement. A total of nine recommendations were made at that audit for improvements in control. The sole purpose of this latest review is to evaluate if those recommendations have now been implemented.

Audit Findings

Good progress has been made since the 2022/23 audit report was issued on 25 October 2022, with five recommendations fully implemented and three other issues partially resolved.

Notable improvements include the checking of CIL calculations, the monitoring of instalments, regular reviews of overdue Demand Notices followed by enforcement action where appropriate, the application of surcharges and late payment interest, (where applicable), and checking of restrictions before CIL receipts are distributed. The drafting of an internal CIL enforcement policy is also underway.

Level of Assurance

It is pleasing to report that there has been a marked improvement in control since the 2022/23 audit and based on the findings of this review we have determined that substantial assurance can now be given on the governance arrangements.

The main issues still outstanding relate to:

- **Enforcement Action on Old Debts** – There are five cases where CIL was raised prior to May 2021 but where no recent action has been undertaken to recover these debts. Given the time that has elapsed since these invoices were raised and the last recovery action was taken, it is recognised that it will be a challenge to move these cases forward and legal advice may need to be sought.
- **Enforcement Action on Cases Referred by Internal Audit** – The Principal CIL Officer has focused his efforts on one case to date, and this has so far resulted in a part payment of almost £14,000. There is potential to further increase CIL receipts quite significantly with more proactive action of this type. However, it is recognised that these cases are more likely to be disputed and they will therefore be more time consuming than processing standard cases.

Note – The Planning Policy Manager recognises the importance of taking enforcement action in both the above instances. However, the current workload of the Principal CIL Officer is close to capacity, and it is likely that further resources would be required to work through these and other enforcement cases.

- **Second Person Check of Liability Notices** – Checks were introduced following the 2022/23 audit, but these have stopped now that the Planning Business Support Manager is no longer involved in the process and the Principal CIL Officer has become more familiar with the calculation of CIL liability. The absence of a second person check does not mean that errors will be made, but if they are, they are unlikely to be spotted and rectified.

Executive Summary

Owing to the improvements made since the last audit, the control objectives of the original 2022/23 report are now considered to have largely been met.

No new recommendations are made as a result of this review, but two medium and one low risk recommendations are yet to be fully implemented, primarily due to the resourcing issue highlighted above.

Internal Audit Service
December 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. |

CAR PARK INCOME AUDIT

Service Manager: Deborah Kenneally

Officer(s) Responsible for Implementing Recommendations: Lynsey Goodwill and Hayley Cornford

Overall Level of Assurance: **GOOD**

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**).

| | |
|---|------------|
| Cash Collection Contract – The Council’s car park cash collection arrangements are covered by a suitably worded contract. | M |
| Other Car Park Income Contracts – The collection of car park income via mobile phone apps, card payments made at the machines and/or any other on-site arrangements are covered by suitably worded contracts. | M |
| Income Collection and Security – All approved car parking charges are collected, the income accounted for, and recovery action taken in respect of unpaid standard charge notices. Arrangements exist to ensure the security of cash collected, and the safety of staff. | M |
| Contract Payments – All contract payments are correct. | P * |
| Budgetary Control – All income and expenditure is correctly accounted for, and the budget monitored and controlled. | M |

* This control objective is only shown as partially met because the charges invoiced by the cash collection contractor had not been agreed for a number of months at the start of the audit. This work had stalled due to other priorities but was resolved during the audit. Action has also been taken to make the checks easier in future.

Level of Assurance

Based on the findings from the audit we have determined that good assurance can be given on the governance arrangements as no significant issues were found.

The only issued raised were minor in nature and these were all 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 three low risk recommendations to management to further enhance the governance arrangements.

Internal Audit Service
December 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. |

Summary of Progress on Recommendations Made up to 30 September 2023

Old Years: Audit recommendations made in 2018/19 (2), 2021/22 (2) and 2022/23 (8)

Previous quarter's performance shown in brackets.

| Risk | Issued | Implemented | Work-in-Progress | Not Started |
|--------------|------------|----------------------|--------------------|----------------|
| High | 6 | 5 (5) | 1 (1) | 0 (0) |
| Medium | 99 | 92 (91) | 7 (8) | 0 (0) |
| Low | 72 | 68 (64) | 4 (6) | 0 (0) |
| Total | 177 | 165 (162) | 12 (15) | 0 (0) |
| | | 93.2% (91.5%) | 6.8% (8.5%) | 0% (0%) |

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

Breakdown of the five oldest (pre-2022/23) 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).
- Data Protection (2021/22) – issued 25/06/21. (1) Recommendation to determine which Council systems hold special category data and to confirm that there is a lawful basis for processing such data (Medium) and (2) Recommendation to establish if privacy notices still need to be produced for certain processes (Low).

Duncan Ellis (Interim Deputy Chief Executive)

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

Current Year – Audit Recommendations 2023/24 (up to 30 September 2023)

Previous quarter's performance shown in brackets.

| Risk | Issued | Implemented | Work-in-Progress | Not Started |
|--------------|---------------|----------------------|----------------------|------------------|
| High | 4 (0) | 1 (0) | 3 (0) | 0 (0) |
| Medium | 21 (1) | 8 (0) | 10 (1) | 3 (0) |
| Low | 8 (3) | 4 (2) | 4 (1) | 0 (0) |
| Total | 33 (4) | 13 (2) | 17 (2) | 3 (0) |
| | | 39.4% (50.0%) | 51.5% (50.0%) | 9.1% (0%) |

Rother District Council

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| Report to: | Audit and Standards Committee |
| Date: | 25 March 2024 |
| Title: | Treasury Management Update Report Quarter 3 |
| Report of: | Aleksandra Janowicz – Interim Chief Finance Officer |
| Purpose of Report: | To note the Council's treasury activities for the third financial quarter ending 31 December 2023. |
| Officer Recommendation(s): | It be RESOLVED : That the report be noted |

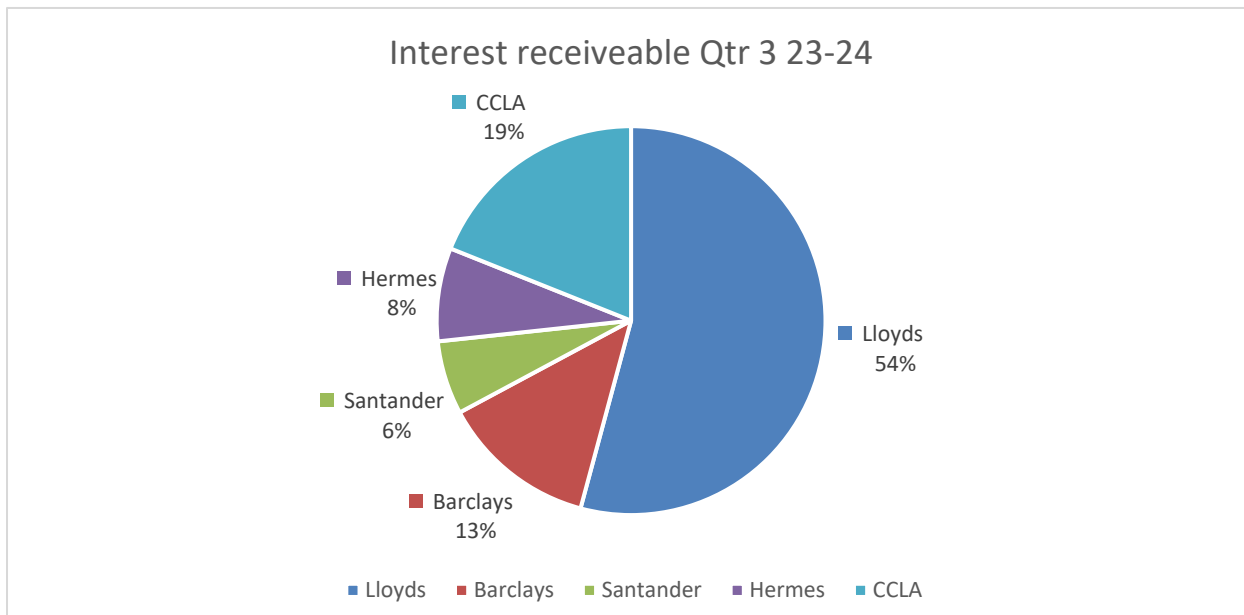
Introduction

1. The Council's Investment Strategy requires regular reports to be presented to this Committee on its treasury management activities. In managing these, the Council has implemented the Department of Levelling Up, Housing and Communities (DLUHC) investment guidance and followed the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management.
2. The investment activity to date conforms to the approved strategy and the Council has had no liquidity difficulties, although temporary borrowing is likely to be required in the second half of March 2024 for cash flow purposes. Members are reminded that investment activity is also reported through the Members' Bulletin. This report focuses on the financial period ending the 31 December 2023 and is based on the latest available data.
3. Members will note that the figures quoted within the report are either actuals or estimates as stated and the outturn position at year end is draft, subject to change following availability of final data for the year and the final Rother DC Housing Company Ltd loan agreement.

Financial Investments review

4. At 31 December 2023, the Council's total investments were around £29.8m, with £21.8m invested in short term call accounts (£28.6m and £20.6m respectively at Quarter 2 2023/24) and £8m in Property Funds (no change from Quarter 2). Funds managed internally are mainly in call accounts, but we are regularly reviewing rates available on the market to invest in fixed short term deposits to benefit from higher rates. We have also engaged with the market via an online platform to open MMF (liquidity) funds, which are now being used. Members will note that a significant element of the £21.8m balance relates to cash owed to public bodies, e.g. council tax precepts and shares of business rates.

5. The Council's investments are currently predicted to have yielded interest income of £925,000 in total in the first three quarters of this financial year, including income generated by the property funds (CCLA and Hermes). The budget for the year is £586,000, so we already achieved 157% of it. This is mainly due to an increased focus on treasury management activities, the pause and review of the capital programme, which has resulted in more cash being available for investment, and the incremental Bank of England interest rates increases earlier in the year.
6. Forecasting into the future to arrive at the annual outturn figure is difficult, as it depends on a variety of factors and assumptions. In terms of interest cash receipts, we are expecting a £534,000 surplus which is a significant positive contribution to our revenue budget position. We always look to diversify our treasury deposits using available cash balances and invest excess cash daily keeping it liquid and we consider fixed term deposits when cashflows show we are able to put deposits away for a bit longer, in exchange for additional yield. However, in the climate of uncertain profile of capital payments, potentially falling interest rates and falling overall available balances, we have kept funds liquid as they represented the best option.
7. Cash levels have been falling over the last year as the Council refrained from borrowing for capital programme purposes and used its cash balances instead. Some borrowing for cashflow purposes will be required in Quarter 4. The exact timing and values will depend on the forecast of availability and timing of substantial external government grants expected to be received early in 2024/2025.
8. The total variance (surplus) estimated in the Revenue and Capital Monitoring report for Quarter 3 was £734,000 as it included interest accruing on the Housing Company loan (estimated to be around £200,000 for the year). There is, however, a level of uncertainty associated with it, as the final draft of the loan agreement with the company has yet to be finalised. Also, while it may increase the amount receivable over and above the currently estimated amount, the actual cashflows resulting from this income may not be realised in the short term.
9. Officers will apply the principles of security, liquidity and yield in their treasury decisions, both when continuing with the current products and exploring others. Advice will be sought from Link Treasury Services as appropriate. The investment portfolio and Property Fund values as at Quarter 3 are detailed in Appendix A.
10. Estimated Quarter 3 interest receivable breakdown is depicted in the graph overleaf:



Borrowing

11. The Council's Capital Financing Requirement (CFR) shows how much of its capital expenditure is financed by borrowing and is summarised in Appendix B. The capital programme budget is being reviewed in view of the complexity of several of the proposed schemes and their affordability, due to the recent and ongoing financial landscape in terms of inflationary pressures, construction costs and significant borrowing rate increases. The CFR position compared to the budget has changed as a result. The forecast outturn for the year is £50.243m. Members will also note that the capital programme continues to be reviewed for affordability as part of ongoing monitoring of the capital programme and a revised budget for the CFR will be developed as part of this work.
12. The value of outstanding loans as at 31 December 2023 was £31.7m and the borrowing portfolio is also shown in Appendix B. This is £11.7m lower than the CFR, which means the Council has 'under-borrowed' and effectively borrowed internally using up its cash balances, rather than borrowing when interest rates are high.
13. Officers will continue to keep borrowing policy under review and use internal balances where possible to minimise borrowing costs.

Treasury and Prudential Indicators

14. It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the approved Treasury Management Strategy. During the financial year to date, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices.

15. The current prudential and treasury indicators, such as the Council's Authorised and Operational external borrowing limits, were approved by Cabinet on 27 February 2023 as part of the Council's Treasury Management Strategy and are shown in Appendix C. Members will note that the current borrowing levels shown in Appendix B are comfortably within both limits. No amendments to the Treasury Management Strategy are proposed as a result of this report.
16. The ratio of Net Financing Costs (NFC) to the Net Revenue Stream in the original budget was to be 5.06% but is now predicted to be is predicted to be -1.42%. This is a welcome change, as our investment income has exceeded financing cost. This is both due to the review of and subsequent delay in the capital programme delivery referred to above and the additional investment income received through the increased focus on treasury management, which reduces the NFC. The Prudential Indicators are shown in Appendix C.

Non-Treasury Investments

17. The table below shows property rental income for the year against the approved budget and is split between existing assets and those purchased through the Property Investment Strategy (PIS).

| Property Type | Net Budget 2023/24 (Rent income and expense) | Qtr 3 Estimate for annual Net Rent Income and expense | Variance | Return on Investment | Notional interest | Return on Investment after notional interest applied |
|---------------|--|---|-----------|----------------------|-------------------|--|
| | £000 | £000 | £000 | % | £000 | % |
| Non-PIS | (814) | (724) | 90 | 5.73 | n/a | 5.73 |
| PIS | (1,536) | (1,612) | (76) | 6.51 | 586 | 3.46 |
| Total | (2,350) | (2,336) | 14 | 6.12 (ave) | 586 | 4.59 (ave) |

18. The above table shows the return on investment on all PIS properties, including notional borrowing costs. Appendix D shows detail, including the total cost of purchase as well as net income predicted to be achieved by year end.

Economic Update and Outlook

19. Following months of high increases in prices (the steepest for the last 40 years), which have significantly eroded the Council's spending power, twelve-month CPI inflation fell to 4% in December 2023. Wholesale energy prices have fallen significantly along with prices of core goods and services, however domestic inflationary pressures persist with wage growth slightly easing, but still very elevated. CPI is expected to fall temporarily to 2% target in 2024 Quarter 2 only to increase again in Quarter 3 and Quarter 4 and to be around 2% in 2-3 years' time.
20. The global economic outlook is uncertain in light of the possible adverse impacts of continuing conflicts in Ukraine and the Middle East. The second half

of the year will see presidential elections in the United States and parliamentary ones in the UK, which might also affect it.

21. At the recent meeting of the Bank of England's (BoE) Monetary Policy Committee (MPC) in January 2024, it was agreed to keep the bank base rate at 5.25% to help control inflation. The BoE rate is currently predicted to have peaked at 5.25%, with the first decreases likely earlier than previously projected, maybe even within Quarter 1 of 2024. The BoE itself forecasts a possibility of a cut to 5.1%, with Quarter 1 results of 3.9% and 3.3% in the equivalent periods for the next two years, although as outlined above there several factors which could impact on these forecasts.
22. Forecasting economic activity in the current climate is fraught with difficulties, but best data and forecasts available have been used in the updated Medium Term Financial Strategy report and 2024/25 budget presented to Members in February.

Other issues

23. The value of investments in Property Funds has decreased by £207,000 since the end of the last financial year and is £7.26m. It is currently £720,682 less than originally invested. Members will be reminded that any gains or losses on such long-term investments will only be realised at the point of withdrawal from the fund. Property funds still provide a healthy income stream in the form of quarterly distributions and are expected to contribute around £300,000 in the financial year to 31 March 2024.
24. It is also worth remembering that, following a consultation on the IFRS9 statutory override, the Government announced an extension of the override for a further two years until 25 March 2025. This allows councils to override fair value movements on pooled investments (like this Council's CCLA and Hermes) in order to protect themselves from market volatility. Such movements are still being reversed from the General Fund and into unusable reserves and as such, they do not have an impact on budget setting. Without the override, negative movements in their value would cause a budget deficit and require more funds to be withdrawn from reserves. Officers will look to create a reserve to smooth such movements in due course. The values of investments will continue to be monitored closely.

Conclusion

25. The investment activity conforms to the approved strategy and the Council has no liquidity difficulties.

Implications

Financial Implications

26. As detailed in the report.

Legal Implications

27. None arising from this report.

Human Resources Implications

28. None arising from this 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 |

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|----------------------------|--|
| Chief Executive: | Lorna Ford |
| Report Contact Officer: | Aleksandra Janowicz |
| e-mail address: | Aleksandra.Janowicz@rother.gov.uk |
| Appendices: | Appendix A – Investments Portfolio Appendix B – Capital Financing Requirement & Borrowing Portfolio Appendix C – Prudential Indicators Appendix D – Performance of PIS properties |
| Relevant Previous Minutes: | None |
| Background Papers: | Capital, Investment and Treasury Management Strategy Report to Cabinet, 27 February 2023 |
| Reference Documents: | None |

Investments Portfolio

| Deposit | Type of account | Maturity Date | Amount £ | Interest Rate as at 31 December 2023 | Share % |
|---------------------------------------|--------------------|---------------|-------------------|--|----------------|
| Lloyds - General (RFB) | Call | N/A | 1,488,987 | 2.10 | 5.00% |
| Lloyds - Treasury Call Account | Call | N/A | 13,144,333 | 5.14 | 44.17% |
| Lloyds Deposit | Term deposit | 22/01/2024 | 1,000,000 | 5.60 | 3.36% |
| Lloyds Deposit | Term deposit | N/A | 0 | 5.35 | 0.00% |
| Bank of Scotland (RFB) | Call | N/A | 16 | 2.10 | 0.00% |
| Barclays - Call Account (NRFB) | Call | N/A | 1,127,371 | 3.85 | 3.79% |
| Barclays Fixed Term | Term deposit | N/A | 0 | 4.82 | 0.00% |
| Santander - Call Account | Call | N/A | 214 | 3.43 | 0.00% |
| Santander - 31 Day Notice Account | 31 Days' Notice | N/A | 5,000,000 | 5.60 | 16.80% |
| CCLA Local Authority Property Fund | Long Term | N/A | 5,000,000 | 0.00 | 16.80% |
| HERMES Property Fund | Long Term | N/A | 2,999,998 | 0.00 | 10.08% |
| Total | | | 29,760,919 | | 100.00% |
| Total managed in-house | | | 21,760,922 | | |
| Total managed externally | | | 7,999,998 | | |
| Total Treasury Investments | | | 29,760,919 | | |

Non-treasury Investments

| | | | | | |
|-----------------------------------|--|--|------------------|------------|-------------|
| Rother DC Housing Company loan | | | 4,510,300 | TBA | 100% |
|-----------------------------------|--|--|------------------|------------|-------------|

Property Funds

| Name of Property Fund | Original Investment Value | Value as at 31/03/2023 | Value as at 31/12/2023 | Change since start of financial year | Change since original investment made |
|---------------------------------------|---------------------------------|---------------------------|---------------------------|---|--|
| | £ | | | £ | £ |
| CCLA Local Authority Property Fund | 5,000,000 | 4,733,177 | 4,630,316 | -102,862 | -369,684 |
| HERMES Property Fund | 2,999,998 | 2,732,630 | 2,628,513 | -104,118 | -350,998 |
| | | | | | |
| Total | 7,999,998 | 7,465,808 | 7,258,828 | -206,979 | -720,682 |

Capital Financing Requirement

| Capital Financing Requirement (CFR) | 2023/24 Original Budget | 2023/24 Quarter 1 Forecast | 2023/24 Quarter 2 Forecast | 2023/24 Quarter 3 Forecast |
|--|--|---|---|---|
| | £ (000) | £ (000) | £ (000) | £ (000) |
| Opening Balance | 31,896 | 43,469 | 43,469 | 43,469 |
| Add unfinanced capital expenditure | 108,764 | 13,998 | 6,640 | 7,253 |
| Less Minimum Revenue Provision (MRP) | (224) | (515) | (515) | (479) |
| Closing Balance | 140,436 | 56,952 | 49,594 | 50,243 |

Capital programme – revised at Quarter 3

| | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | Total | 23/24 spend forecast at Qtr 3 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|--|
| Capital Expenditure | 20,143 | 85,981 | 23,888 | 8,925 | 28,163 | 167,100 | 20,143 |
| Funded by: | | | | | | | |
| Capital Receipts | 2,100 | 60 | 50 | - | - | 2,210 | 2,100 |
| Grants and contributions | 9,358 | 9,614 | 14,523 | 7,587 | 1,625 | 42,707 | 9,358 |
| CIL | 427 | 1,571 | 1,321 | 850 | - | 4,169 | 427 |
| Borrowing | 4,791 | 32,548 | 884 | 378 | 125 | 38,726 | 4,791 |
| Capital Expenditure Charged to Revenue | 1,002 | 453 | 110 | 110 | 110 | 1,785 | 1,002 |
| Borrowing and Loan for RDC Housing Company Ltd | 2,465 | 41,535 | 7,000 | - | 26,303 | 77,303 | 2,465 |
| Section 106 | - | 200 | - | - | - | 200 | - |
| Total | 20,143 | 85,981 | 23,888 | 8,925 | 28,163 | 167,100 | 20,143 |

Current Borrowing Portfolio

| Borrowing position as at 31st December 2023 | | | | | |
|---|--------------------|---------------|------|----------|---|
| Properties | Amount o/s | Interest Rate | Term | Type | Full Year Repayments (capital and interest) |
| PWLB 507499 | £423,894 | 2.59% | 50 | Annuity | £16,102 |
| PWLB 507503 | £423,823 | 2.58% | 50 | Annuity | £16,070 |
| PWLB 509130 | £1,568,350 | 2.39% | 50 | Annuity | £56,729 |
| PWLB 509131 | £1,000,000 | 2.24% | 50 | Maturity | £22,400 |
| PWLB 509165 | £8,089,589 | 2.48% | 50 | Annuity | £297,572 |
| PWLB 387276 | £6,140,560 | 1.78% | 50 | Annuity | £190,804 |
| PWLB 455425 | £9,056,140 | 1.65% | 50 | Annuity | £273,881 |
| Market | £5,000,000 | 1.70% | 2 | Maturity | £85,349* |
| Total Borrowing | £31,702,356 | | | | £958,907 |

Treasury Indicators (Borrowing Limits)

| Treasury Indicators | 2023/2024 £ (000) |
|---|------------------------------|
| Authorised Limit for External Debt | 192,833 |
| Operational boundary for External Debt | 183,833 |
| Gross External Debt (actual) at Quarter 3 | 31,702 |
| Remaining Authorised Limit for External Debt | 161,131 |

Prudential Indicators

| Prudential Indicators | 2023/24 Original Budget | 2023/24 Quarter 3Forecast |
|--|--|--|
| | £ (000) | £ (000) |
| Capital Financing Requirement (CFR) | 140,436 | 20,243 |
| Annual Change in CFR | 108,540 | 6,774 |
| In-Year Borrowing Requirements | 108,764 | 7,253 |
| Ratio of Financing costs to Net Revenue Stream (%) | 5.06 | -1.42% |

Properties purchased through the Property Investment Strategy

| Property Investment strategy | Total Cost of Purchase £ | Budgeted Net Surplus 2023/24 £ | Forecast Net Surplus as at Qtr 3 £ | Variance £ |
|--|-----------------------------|-----------------------------------|---------------------------------------|---------------|
| 14 Terminus Road Petrol filling station | 887,605 | (30,000) | (16,179) | 13,821 |
| 14 Terminus Road Garage and showroom | | (49,800) | (42,753) | 7,047 |
| 16A Beeching Road | 868,050 | (32,350) | (32,231) | 119 |
| 16B Beeching Road | 0 | (56,350) | (59,980) | (3,630) |
| 18-40 Beeching Road | 872,000 | (78,850) | (75,447) | 3,403 |
| 1-7, Wainwright Road | 369,732 | 0 | (4,549) | (4,549) |
| Glovers House, Bexhill | 7,818,452 | (473,820) | (474,136) | (316) |
| Land at Barnhorn Green, Bexhill | 1,839,708 | | | 0 |
| Market Square, Battle | 3,256,184 | (194,980) | (193,792) | 1,188 |
| 35, Beeching Road, Bexhill (headlease) | 677,309 | 50 | (98,832) | (98,882) |
| 64, Ninfield Road, Sidley | 121,946 | (8,960) | (8,148) | 812 |
| Sainsburys, Buckhurst Place | 10,182,055 | 577,900 | (575,977) | 1,923 |
| Land at Mount View Street, Bexhill | 4,535,099 | 1,000 | 244 | (756) |
| 16 Beeching park estate | 427,875 | (17,500) | (14,961) | 2,539 |
| 18 Beeching park estate | | (17,000) | (15,605) | 1,395 |
| Total | 31,856,015 | (1,536,460) | (1,612,346) | (75,886) |

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Rother District Council

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| Report to: | Audit and Standards Committee |
| Date: | 25 March 2024 |
| Title: | Review of Internal Audit 2023/24 |
| Report of: | Gary Angell, Audit Manager |
| Purpose of Report: Officer | To report on the effectiveness of the Internal Audit Service. |
| Recommendation(s): | It be RESOLVED: That the Review of Internal Audit 2023/24 be approved. |

Introduction

1. The Council's Internal Audit Service is operated in accordance with the Public Sector Internal Audit Standards. These Standards require the Audit Manager to undertake periodic self-assessments of the effectiveness of Internal Audit, but they do not specify how frequently these reviews should take place. The Audit Manager considers it beneficial for annual reviews to be carried out, and for Members to receive the findings, prior to 31 March each year so that reliance can be placed on the effectiveness of Internal Audit when reviewing the Annual Governance Statement.

Quality Assurance and Improvement Programme

2. The Public Sector Internal Audit Standards (hereafter referred to as 'the Standards') aim to achieve consistent industry standards for Internal Audit. The Standards also require the Audit Manager to develop and maintain a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the Internal Audit activity. This includes both internal and external assessments.
3. Periodic internal assessments are necessary to evaluate conformance with the Definition of Internal Auditing, the Code of Ethics, and Attribute and Performance Standards. The Audit Manager therefore carries out an annual self-assessment review of the Internal Audit function in order to meet this requirement and uses a comprehensive checklist to ensure that all aspects of the Standards are covered. Given the length of this document, the results of the review have been summarised for this report, but the detailed checklist is also available to view upon request. The Summary Compliance Checklist can be found in Appendix A.
4. Internal Auditors are expected to comply with the Standards as far as possible and where compliance is not possible, to explain why. The level of compliance with each aspect of the Standards is indicated in the checklist by a tick in the relevant column; **Y** (Yes - Compliant), **P** (Partial Compliance) or **N** (Not Compliant). Where an item on the checklist is not compliant or only partially compliant, there is an explanatory comment. However, on this occasion, there are no items which require further action.

5. Any material non-compliance with the Standards would need to be highlighted in the Annual Governance Statement, but no such issues were found.
6. In addition to periodic self-assessment, the Standards also require an external (peer) assessment to be carried out at least once every five years. The latest peer review was completed in February 2023 by the Head of Internal Audit at Lewes District and Eastbourne Borough Councils. The results of this review were reported to the Audit and Standards Committee on 19 June 2023 (Minute AS23/12). No significant issues were found, and the Assessor concluded that Rother District Council's Internal Audit function "generally conforms" with the Standards.
7. The peer review report also made some recommendations for further improvement. These were all minor in nature, and several had already been addressed before the final report was issued. The three recommendations that required further action were added to an action plan. An update to last year's action plan is provided in Appendix B.

New Standards

8. New Global Internal Audit Standards were published by the Institute of Internal Auditors on 9 January 2024. These will replace the Public Sector Internal Audit Standards and all Internal Audit functions are expected to conform with them by 9 January 2025. Moreover, all future self-assessments and peer reviews will need to be conducted in accordance with these standards.
9. The new standards are far more detailed and complex than the old ones and they are structured completely differently as they now cover all sectors rather than just the Public Sector. Consequently, it will take time for the Audit Manager to fully understand the implications of the new standards, to assess what changes are required, and to determine whether there are likely to be any potential challenges for compliance. The action plan for 2024/25 therefore sets out the steps required to ensure conformance with the new standards. This can be found in Appendix C.
10. The full extent of the changes required will be reported to this Committee at a later date once the Audit Manager has determined the best way forward.

Conclusion

11. In summary, no new issues have been highlighted by the latest internal assessment, and all old year action points have been resolved. A new action point has however been added for the coming year to help ensure compliance with the new Global Internal Audit Standards.
12. The results of the internal assessment, and the latest peer review, demonstrate the Internal Audit Service continues to achieve a good level of compliance with the Standards and none of the areas of partial compliance are significant in nature. On this basis, the Audit Manager concludes that **there is a high level of effectiveness overall**.
13. The Section 151 Officer and Monitoring Officer support this conclusion.

| 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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| Chief Executive: | Lorna Ford |
| Report Contact Officer: | Gary Angell, Audit Manager |
| e-mail address: | gary.angell@rother.gov.uk |
| Appendices: | A – QAIP Summary Compliance Checklist 2023/24 B – QAIP Action Plan for 2023/24 – Progress Update C – QAIP Action Plan for 2024/25 |
| Relevant Previous Minutes: | AS22/59 – Review of Internal Audit 2022/23 AS23/12 – Internal Audit - Peer Review |
| Background Papers: | Review of Internal Audit 2023/24 (Full Checklist) – copy available on request. |
| Reference Documents: | None. |

| Ref | Public Sector Internal Audit Standards Compliance Check | Y | P | N | Comments |
|------------|--|------------------|---|---|----------|
| 1.0 | Definition of Internal Auditing | | | | |
| 1.1 | Using evidence gained from assessing conformance with other Standards, is the Internal Audit activity: a) Independent? b) Objective? | ✓ ✓ | | | |
| 1.2 | Using evidence gained from assessing conformance with other Standards, does the Internal Audit activity use a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the organisation? | ✓ | | | |
| 2.0 | Code of Ethics | | | | |
| 2.1 | Integrity Using evidence gained from assessing conformance with other Standards, do Internal Auditors: a) Perform their work with honesty, diligence and responsibility? b) Observe the law and make disclosures expected by the law and the profession? c) Not knowingly partake in any illegal activity nor engage in acts that are discreditable to the profession of Internal Auditing or to the organisation? d) Respect and contribute to the legitimate and ethical objectives of the organisation? | ✓ ✓ ✓ ✓ | | | |
| 2.2 | Objectivity Using evidence gained from assessing conformance with other Standards, do Internal Auditors display objectivity by not: a) Taking part in any activity or relationship that may impair or be presumed to impair their unbiased assessment? b) Accepting anything that may impair or be presumed to impair their professional judgement? c) Disclosing all material facts known to them that, if not disclosed, may distort the reporting of activities under review? | ✓ ✓ ✓ | | | |

| Ref | Public Sector Internal Audit Standards Compliance Check | Y | P | N | Comments |
|------------------|--|---|---|---|---|
| 2.3 | <p>Confidentiality</p> <p>Using evidence gained from assessing conformance with other Standards, do Internal Auditors display confidentiality by:</p> <ul style="list-style-type: none"> a) Acting prudently when using information acquired in the course of their duties and protecting information? ✓ b) Not using information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation? ✓ | | | | |
| 2.4 | <p>Competency</p> <p>Using evidence gained from assessing conformance with other Standards, do Internal Auditors display competency by:</p> <ul style="list-style-type: none"> a) Only carrying out services for which they have the necessary knowledge, skills and experience? ✓ b) Performing services in accordance with the Standards? ✓ c) Continually improving their proficiency and effectiveness and quality of their services, for example through Continuing Professional Development schemes? ✓ | | | | |
| Standards | | | | | |
| 3.0 | Attribute Standards | | | | |
| 3.1 | 1000 Purpose, Authority and Responsibility | ✓ | | | |
| 3.1.1 | 1010 Recognising Mandatory Guidance in the Internal Audit Charter | ✓ | | | |
| 3.2 | 1100 Independence and Objectivity | ✓ | | | |
| 3.2.1 | 1110 Organisational Independence | ✓ | | | |
| 3.2.2 | 1111 Direct Interaction with the Board | ✓ | | | |
| 3.2.3 | 1112 Chief Audit Executive Roles Beyond Internal Auditing | ✓ | | | |
| 3.2.4 | 1120 Individual Objectivity | ✓ | | | |
| 3.2.5 | 1130 Impairment to Independence or Objectivity | ✓ | | | This situation has not arisen in 2023/24. |

| Ref | Public Sector Internal Audit Standards Compliance Check | Y | P | N | Comments |
|------------|--|---|---|---|---|
| 3.3 | 1200 Proficiency and Due Professional Care | ✓ | | | |
| 3.3.1 | 1210 Proficiency | ✓ | | | |
| 3.3.2 | 1220 Due Professional Care | ✓ | | | |
| 3.3.3 | 1230 Continuing Professional Development | ✓ | | | |
| 3.4 | 1300 Quality Assurance and Improvement Programme (QAIP) | ✓ | | | |
| 3.4.1 | 1310 Requirements of the Quality Assurance and Improvement Programme | ✓ | | | |
| 3.4.2 | 1311 Internal Assessments | ✓ | | | |
| 3.4.3 | 1312 External Assessments | ✓ | | | Latest peer review completed February 2023. |
| 3.4.4 | 1320 Reporting on the Quality Assurance and Improvement Programme | ✓ | | | |
| 3.4.5 | 1321 Use of “Conforms with the Public Sector Internal Audit Standards” | ✓ | | | |
| 3.4.6 | 1322 Disclosure of Non-conformance | ✓ | | | This situation has not arisen in 2023/24. |
| 4.0 | Performance Standards | | | | |
| 4.1 | 2000 Managing the Internal Audit Activity | ✓ | | | |
| 4.1.1 | 2010 Planning | ✓ | | | |
| 4.1.2 | 2020 Communication and Approval | ✓ | | | |
| 4.1.3 | 2030 Resource Management | ✓ | | | |
| 4.1.4 | 2040 Policies and Procedures | ✓ | | | |
| 4.1.5 | 2050 Coordination | ✓ | | | |
| 4.1.6 | 2060 Reporting to Senior Management and the Board | ✓ | | | |
| 4.1.7 | 2070 External Service Provider and Organisational Responsibility for Internal Auditing | - | - | - | N/A - Service provided by in-house team. |

| Ref | Public Sector Internal Audit Standards Compliance Check | Y | P | N | Comments |
|------------|---|---|---|---|---|
| 4.2 | 2100 Nature of Work | ✓ | | | |
| 4.2.1 | 2110 Governance | | ✓ | | Internal Audit has never specifically evaluated the design, implementation and effectiveness of the Council’s ethics-related objectives, programmes and activities but any significant governance issues would be highlighted in other audit work. No further action is therefore required. |
| 4.2.2 | 2120 Risk Management | ✓ | | | |
| 4.2.3 | 2130 Control | ✓ | | | |
| 4.3 | 2200 Engagement Planning | ✓ | | | |
| 4.3.1 | 2201 Planning Considerations | ✓ | | | |
| 4.3.2 | 2210 Engagement Objectives | ✓ | | | |
| 4.3.3 | 2220 Engagement Scope | ✓ | | | |
| 4.3.4 | 2230 Engagement Resource Allocation | ✓ | | | |
| 4.3.5 | 2240 Engagement Work Programme | ✓ | | | |
| 4.4 | 2300 Performing the Engagement | ✓ | | | |
| 4.4.1 | 2310 Identifying Information | ✓ | | | |
| 4.4.2 | 2320 Analysis and Evaluation | ✓ | | | |
| 4.4.3 | 2330 Documenting Information | ✓ | | | |
| 4.4.4 | 2340 Engagement Supervision | ✓ | | | |
| 4.5 | 2400 Communicating Results | ✓ | | | |
| 4.5.1 | 2410 Criteria for Communicating | ✓ | | | |
| 4.5.2 | 2420 Quality of Communications | ✓ | | | |
| 4.5.3 | 2421 Errors and Omissions | ✓ | | | |

Summary Compliance Checklist 2023/24

Appendix A

| Ref | Public Sector Internal Audit Standards Compliance Check | Y | P | N | Comments |
|------------|--|---|---|---|--|
| 4.5.4 | 2430 Use of "Conducted in Conformance with the Public Sector Internal Audit Standards" | ✓ | | | Conformance with the Standards is not something that is stated in individual audit reports but overall conformance with the Standards is confirmed each year in the Audit Manager's annual report. |
| 4.5.5 | 2431 Engagement Disclosure of Non-conformance | ✓ | | | This situation has not arisen in 2023/24. |
| 4.5.6 | 2440 Disseminating Results | ✓ | | | |
| 4.5.7 | 2450 Overall Opinion | ✓ | | | |
| 4.6 | 2500 Monitoring Progress | ✓ | | | |
| 4.7 | 2600 Communicating Results | ✓ | | | |

Key to level of compliance: **Y** (Yes - Compliant), **P** (Partial Compliance) or **N** (Not Compliant)

Quality Assurance and Improvement Programme – Progress Update on Old Year Action Plan

| Action Plan for 2023/24 (Peer Review Recommendations) | | | | |
|---|--|----------------------------------|----------------|---|
| Peer Review Reference | Action Required | Officer Responsible For Delivery | Target Date | Status |
| Item C | Statements of Good Practice – All auditors should sign a statement that they agree to abide by the Internal Audit Charter and Code of Ethics on an annual basis. | Audit Manager | 31 August 2023 | Complete – All auditors have now signed a declaration to this effect and will be expected to do so each year. |
| Item E | Senior Managers and Chair feedback – Meet with the Chair of the Audit and Standards Committee to discuss his concerns and improve his understanding of how Internal Audit operate. | Audit Manager | 31 August 2023 | Complete – This was discussed with the Chair and his ‘concerns’ turned out to be a misunderstanding. The Chair also met with the Internal Audit team and now has a better understanding of how they operate. |
| Item F | Senior Managers and Chair feedback – Meet with those officers who expressed reservations about the value of the Internal Audit service with a view to understanding their concerns and addressing any issues arising. | Audit Manager | 31 August 2023 | Complete – Two managers made such remarks. One was simply expressing the view of others and the other left the Council before the matter could be discussed. |

Quality Assurance and Improvement Programme – New Action Plan

| Action Plan for 2024/25 | | | |
|--|---|----------------------------------|-------------------|
| Issue | Action Required | Officer Responsible For Delivery | Target Date |
| The Internal Audit team need to be compliant with new Global Internal Audit Standards by 9 January 2025. | 1. Review the new standards. Assess what changes are required and determine any potential challenges. | Audit Manager | 30 June 2024 |
| | 2. Update the Audit and Standards Committee on the implications of the new standards and the plan of action for compliance. | Audit Manager | 30 September 2024 |
| | 3. Get all documentation (e.g. Internal Audit Charter, Audit Manual, etc) and procedures aligned with the new standards. | Audit Manager | 31 December 2024 |
| | 4. Carry out the first self-assessment of compliance with the new standards. | Audit Manager | 31 January 2025 |

Rother District Council

| | |
|---------------------------|--|
| Report to: | Audit and Standards Committee |
| Date: | 25 March 2024 |
| Title: | Rother DC Housing Company Governance Monitoring |
| Report of: | Lorna Ford, Chief Executive |
| Purpose of Report: | To provide an update on the arrangements for the local authority's governance of its wholly owned company. |
| Officer | |
| Recommendation(s): | It be RESOLVED : That the arrangements for the local authority's governance of its wholly owned company be noted. |

Introduction

1. On 27 July 2020, Cabinet approved the Articles of Association and the Shareholders Agreement and appointed directors to enable the incorporation of the Rother District Council Housing Company (RDCHC - (Minute CB20/21 refers). A number of recommended updates to these documents were approved by Cabinet in November 2023 (Minute CB23/41).
2. The purpose of the governance arrangements is to ensure that the Council has enough control to ensure that its investment is protected, returns on investment can be secured and that RDCHC activity is in keeping with the strategic objectives of the Council. It is important to note that the RDCHC is not a department of the Council but an independent entity that must remain industrial and commercial in its character, if it is to continue to operate effectively and lawfully. The strategic objectives of RDCHC can be found within its published Business Plan 2022-25 (Minute CB21/86 refers).
3. The Audit and Standards Committee (A&SC) consider the governance arrangements for the management and monitoring of the Council's significant partnerships, hence it is the appropriate body to receive updates on the governance of RDCHC. Two previous reports have been presented to the A&SC to provide updates on the governance arrangements, in July 2022 and December 2022 respectively (Minutes AS22/20 and AS22/42 refer). In the report of December 2022, a commitment was made to provide the A&SC with periodic updates on the governance arrangements for RDHC. This report provides an update on the arrangements for the governance of Rother DC Housing Company (RDCHC).
4. The update has been informed by, 'Local Authority Company Review Guidance (Local Partnerships LLP 2021)', a link to which can be found within the reference documents section of this report. In addition, Members will be aware of the recent internal audit, and associated recommendations, undertaken to review the Council's governance of RDCHC in December 2023 (Minute AS23/45 refers).

5. Appendix A provides an overview of the present structure of RDCHC, the shareholder's governance structure for its company and the interface between the two entities.

Governance Update

6. The Council has appointed a Shareholder Representative who is the Chief Executive of the Council. The Shareholder Representative has created a Shareholder Representative Oversight Group to ensure the Housing Company's activity is governed effectively by the Shareholder. The Shareholders Representative Group meetings are held quarterly, with meetings taking place in March, June and October 2023 and January 2024. The Terms of Reference for the group can be found at Appendix B.
7. As referenced above, a recent internal audit made several recommendations to the A&SC that have been tasked to the Council to complete and are described elsewhere on the agenda. It is recognised that a number of improvements remain outstanding in order to further improve the effective governance of the RDCHC by the Council.
8. In the last 12-month period officers have been increasing their efforts to address those elements of the governance arrangements that remain outstanding. To this end, the Council's Governance Improvement Tracker has been updated to include those items from the recent internal audit that were not already included. The Council is closely monitoring the progress of these outstanding items with its Internal Audit colleagues. In summary, the following items are being addressed:

| Item | Status |
|--|--|
| The Council's Statutory Officers Group (SOG) to consider the legal, financial and procurement risks associated with the Company's 'non-contracting authority' (NCA) status | Complete <ul style="list-style-type: none"> • A report on NCA risk assessment was presented to the SOG. The contents of the report were noted and recommendations/actions agreed by the SOG. |
| Loan funding arrangements need to be in place | Work in Progress <ul style="list-style-type: none"> • Working Capital Agreement (WCA) Draft finalised subject to further legal advice required on public subsidy. |
| Minutes of the Shareholder Representative Group were not detailed | Complete <ul style="list-style-type: none"> • Resources to support SHRG meeting increased. |
| Shareholders Agreement not signed | Complete <ul style="list-style-type: none"> • At time of writing, document to be signed shortly following amendments that were approved in December 2023. |
| Service Level Agreement not signed | Complete <ul style="list-style-type: none"> • At time of writing, document is finalised and is to be signed shortly. |

| | |
|---|---|
| No Council Conflict of Interest Policy | <p>Work in Progress</p> <ul style="list-style-type: none"> At time of writing, the document is undergoing final amendments having been reviewed by the Monitoring Officer (MO). |
| The RDCHC Skills Audit should be reviewed by the SHRG | <p>Complete</p> <ul style="list-style-type: none"> The Skills Audit will be reviewed by the SHRG. |
| The RDCHC should have an independent audit. | <p>Complete</p> <ul style="list-style-type: none"> The SHRG is aware that the RDCHC Financial audit is underway and will report in March 2024. |
| The RDCHC should formalise its procurement approach in a Procurement Policy | <p>Work in Progress</p> <ul style="list-style-type: none"> The SHRG is aware that the Policy is in draft. |
| Monitoring of RDCHC operational costs should be noted at the SHRG | <p>Complete</p> <ul style="list-style-type: none"> The Council's financial monitoring of the RDCHC will be a standing item of the SHRG meetings |
| Inconsistent records of the status of the RDHC Share Capital | <p>Complete</p> <ul style="list-style-type: none"> Position clarified by Interim Deputy Chief Executive (s151) and regularised by the Company. |

9. In addition to the progress made in recent months, the Council has a new Monitoring Officer and Deputy Monitoring Officer. These new colleagues will be reviewing the Council's arrangements for governing the RDHC and the Council will continue to continue to improve these.

Conclusion

10. The report details several improvements that continue to be made to the Council's arrangements for governing the RDCHC. The Council will continue to review its arrangements and make further improvements, supported by the new Monitoring Officer and Deputy Monitoring Officer. Officers will continue to bring an annual report to the A&SC in order to provide an update on these governance arrangements.

Financial Implications

11. There are financial risks associated with the Council having set-up a 'non-contracting authority' such as the RDCHC; it is therefore important that the governance arrangements for the RDCHC enable the Council to have enough control to ensure that its investment is protected, returns on investment can be secured and that RDCHC activity is in keeping with the strategic objectives of the Council.
12. This control however does need to be balanced to ensure that the Company can still act as an independent arm's length organisation, remaining industrial and commercial in its character, whilst safeguarding the Council's investment.

13. There are a number of improvements which have been made already in this regard and a number highlighted above, which will help to ensure effective financial monitoring and stewardship.

Legal Implications

14. External legal advice continues to be obtained by both the Council and RDCHC in terms of their respective roles and functions.

Human Resources Implications

15. The human resource implications are detailed within the main body of the report.

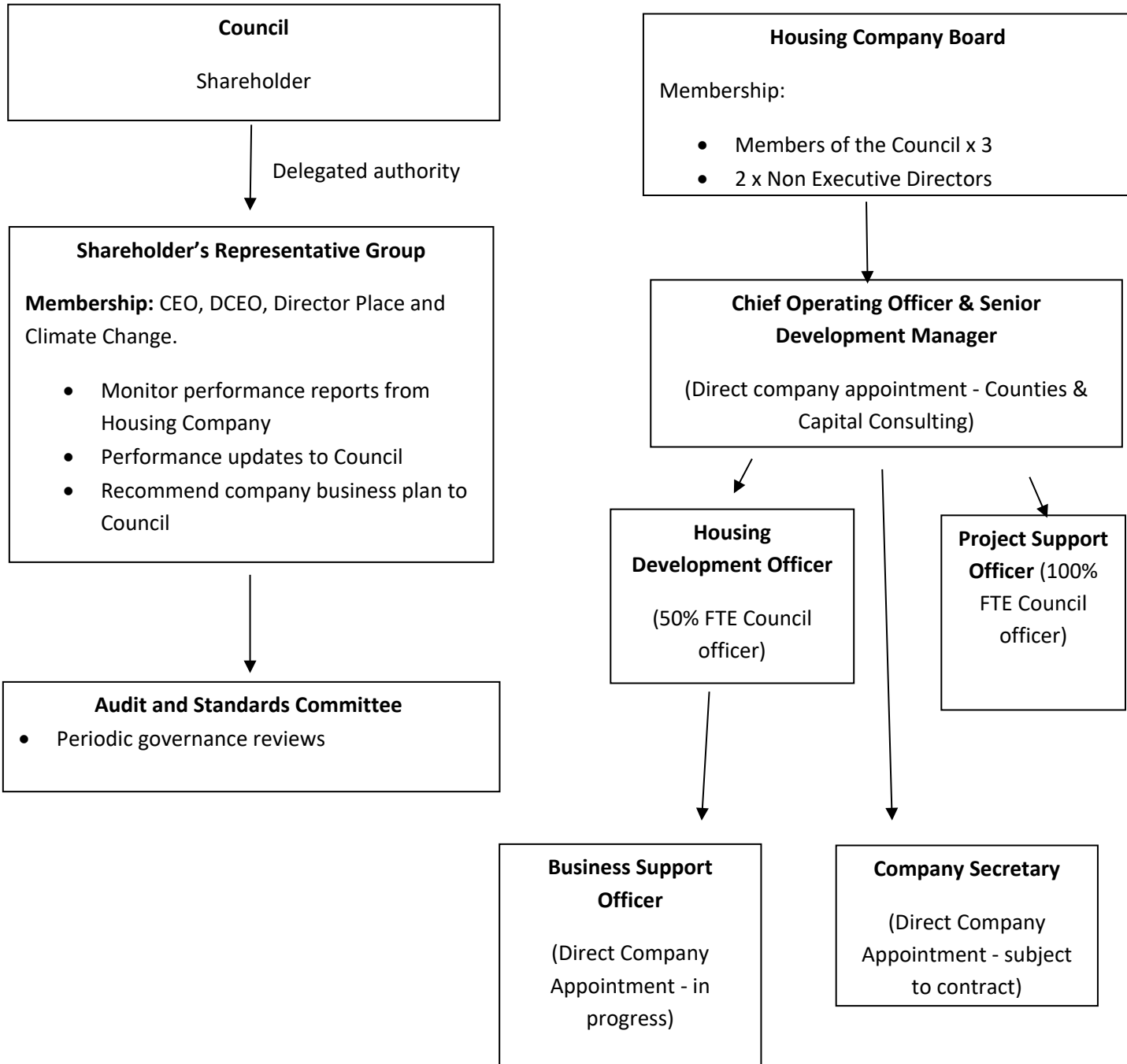
Risk Management

16. The Council has approved up to £80m of investment in RDCHC for it to achieve its business plan objectives. The level of investment in RDCHC and its present marginally viable development at Blackfriars is a risk for the Council and the scheme must remain viable if it is to be delivered successfully. The governance arrangements of RDCHC and Council need to be robust, open and transparent, as well as adequately and appropriately resourced, to ensure that the investment is protected, risks are minimised, and RDCHC's business plan objectives achieved.

| 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 | Yes | Exempt from publication | No |

| | |
|----------------------------|--|
| Chief Executive: | Lorna Ford |
| Report Contact Officer: | Joe Powell |
| e-mail address: | Joe.powell@rother.gov.uk |
| Appendices: | A Shareholder and RDCHC Interface B Terms of Reference |
| Relevant Previous Minutes: | CB20/21 CB21/86 CB23/41 AS22/20 AS22/42 AS23/45 |
| Background Papers: | None |
| Reference Documents: | None |

Governance of Housing Company (present)



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Rother District Council

Shareholder Representative Oversight Group



Terms of Reference

- Aims and Origin** - On 27 July 2020, the Council approved the appointment of directors to enable the incorporation of Rother District Council's local housing company, Rother DC Housing Company Ltd (RDCHC).

The Council has taken advice on the governance of the RDCHC and identified that the RDCHC must remain a separate entity from the Council; adequate governance arrangements are therefore required to ensure that RDCHC remains separate entity from the Council. The relationship between the Council and RDCHC is dictated by the approved Shareholder Agreement and the RDCHC's strategic objectives are provided by its business plan, approved annually by the Shareholder.

The Council has appointed a Shareholder Representative who is the Chief Executive of the Council. The Shareholder Representative has created a Shareholder Representative Oversight Group to ensure the Housing Company's activity is governed effectively by the Shareholder. The aims of the group are:

- To represent the interests of the Shareholder Representative and ensure use of reserved powers, delegated from Council are exercised responsibly and reasonably in consultation with the Cabinet Portfolio Holder for Finance and Performance Management.
- To oversee the company's activity and ensure that RDCHC has enough freedom to achieve its objectives as a non-contracting entity and ensure the Council has enough control to protect its investments in the RDCHC.
- To facilitate the RDCHC in demonstrating openness and transparency to its Shareholder
- To ensure that, when required, investment can be secured by RDCHC from the Shareholder against approved business plans.
- To provide the Shareholder Representative with financial performance and risk information against RDCHC business plan objectives and approved business cases.
- To facilitate formal communication between the company and the Shareholder Representative.

Scope

- a. Receive and consider from the RDCHC individual business cases for investment against the parameters of the approved business plan and make recommendations to the Shareholder Representative to facilitate funding agreements and land acquisitions to this end.
- b. It is not within the scope of the Shareholder Representative Group to seek to influence the function of the RDCHC Board as it implements and operates its approved business plan and development projects.
- c. Meet regularly with RDCHC to receive and monitor performance reports against approved business plan objectives and individual business cases, to include:
 - Financial planning and performance
 - Risk registers
 - Project timeframes
 - Design briefs
- d. Provide regular performance reports to the Shareholder Representative.
- e. Support the RDCHC to communicate effectively with the Shareholder Representative and advise and guide RDCHC to secure timely decisions from the Shareholder Representative as required.
- f. Members of the Shareholder Representative Group will attend in person each meeting or send named deputies in their absence.

Membership

- Director - Place and Climate Change (Chair)
Chief Financial Officer
Head of Housing and Regeneration
Corporate Programme and Projects Officer

Council Lead

- Lorna Ford

Rother District Council

Report to: Audit and Standards Committee

Date: 25 March 2024

Title: Internal Audit Plan 2024/25

Report of: Gary Angell, Audit Manager

Purpose of Report: To report the proposed programme of Internal Audit work for the coming year.

Officer

Recommendation(s): It be **RESOLVED:** That the Internal Audit Plan 2024/25 be approved.

Introduction

1. The Accounts and Audit Regulations 2015 require the Council to “undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”. The proper practice for the Internal Audit Service is laid down in the Public Sector Internal Audit Standards (hereafter referred to as “the Standards”).
2. The standards are met by establishing a risk-based plan to determine the priorities of the Internal Audit Service, consistent with the Council’s goals. This plan must take into account the requirement to produce an annual Internal Audit opinion and the assurance framework. It must also incorporate or be linked to a strategic or high-level statement of how the Internal Audit Service will be delivered and developed in accordance with the Internal Audit Charter.
3. The Audit Manager is required to communicate the plan and resource requirements, including significant interim changes, to senior management and the Audit and Standards Committee for review and approval. In order to approve the Internal Audit Plan for 2024/25, Members must first be satisfied that it meets the above requirements.

Overview of Audit Planning Process

4. The preparation of the Audit Plan is a three-step process:

| Step | Process | Description |
|------|--------------------------|---|
| 1 | Review the Assurance Map | Update the existing assurance map to identify any gaps in assurance requiring review. |
| 2 | Risk assessment | A list of all auditable activities is maintained by the Audit Manager and each area is risk assessed and scored by him based on multiple criteria such as the volume and value of |

| Step | Process | Description |
|------|----------------------|---|
| | | transactions, the results of previous audits, system complexity, strategic importance, and the frequency of change. This list is updated throughout the year as more audits are completed and information on new or emerging risks become known. The latest position is reviewed in February each year for audit planning purposes. |
| 3 | Draft the Audit Plan | The work plan for the coming year is then compiled reflecting the results of Steps 1 and 2 and available staff resources. |

Assurance Map

- The Standards require that the Audit Manager considers all sources of assurance as part of the planning process. An 'Assurance Map' has therefore been developed to assess the level of assurance provided.

An Assurance Map provides a visual representation of the various sources of assurance received by an organisation on its management of key service areas. Its purpose is to assist our understanding of the assurance received, to evaluate its adequacy, and to highlight any potential gaps in coverage.

- To produce an Assurance Map for this Council, the main sources of assurance were first grouped based on the 'three lines model' shown below.

| First Line | Second Line | Third Line |
|---|---|--|
| <p>Functions that own and manage risk.</p> <p><i>The business operations which contribute to internal control and the day to day management of risk.</i></p> | <p>Functions that oversee or specialise in risk management compliance.</p> <p><i>Oversight functions include the Senior Leadership Team and individual committees which set directions, define policy and provide assurance.</i></p> | <p>Functions that provide independent and objective assurance, and advice on all matters related to the achievement of objectives.</p> <p><i>These functions include Internal Audit, External Audit, and any other scrutiny or regulatory body that offer independent challenge to the levels of assurance provided by business operations and oversight functions.</i></p> |

- The effectiveness of each type of assurance across a number of key services and processes is then assessed and scored, and a traffic light system is used

- to indicate the level of assurance obtained. Any significant gaps in assurance are highlighted in red.
8. The Assurance Map was last reported to this Committee in March 2023. This document has now been updated and the current position (as at February 2024) is shown in Appendix A. The assessment methodology is set out in Appendix B.
 9. This year, both Capital Projects and the Housing Company are highlighted as high risk areas. The Capital Projects assessment is primarily due to two audits in this area (i.e. the Capital Programme and Blackfriars Spine Road Project) having received limited or minimal assurance ratings in the period from January 2022 to December 2023. Another capital project will therefore be reviewed as part of the 2024/25 Audit Plan. The Housing Company assessment is a result of the minimal assurance rating received at a recent audit of the Council's governance arrangements, and the Senior Leadership Team's wish for greater assurance in this area. However, no further audit work is planned on the Housing Company in 2024/45 as the recommendations made at the latest review are still being followed up by the Audit Manager.
 10. In addition, six areas were identified as medium risk, namely Contract Compliance, Environmental Services, Estates, Financial Services, Procurement and Revenues and Benefits. Audits are planned in all these areas in 2024/25.

Risk Assessment

11. A risk assessment exercise was carried out by the Audit Manager in February 2024 and includes all new and emerging risks identified in service plans produced by officers in the Corporate Management Team or through discussions with these officers.
12. Those activities assessed to be high risk are usually included in the new Audit Plan except where they have only recently been reviewed and the issues found will be covered or followed up elsewhere.
13. Medium risk activities are generally reviewed every two to three years, but low risk activities are ignored to make the best use of audit resources.

Audit Plan 2024/25

14. The Audit Plan for 2024/25 is attached in Appendix C. It has been compiled by the Audit Manager in accordance with the Internal Audit Charter approved by this Committee in December 2022 (Minute AS22/43(2)). The Corporate Management Team have been consulted about its contents and the final version detailed in this report is supported by the Chief Executive.
15. The plan allows for 493 days of audit work on 21 separate audit reviews/ consultancy activities, plus provisions for counter fraud work. It is important that the plan includes a broad range of activities as this allows the Audit Manager to obtain sufficient assurance from the audit work to enable him to present an annual Internal Audit opinion on the adequacy of the control environment.

16. As in previous years, a significant portion of the plan is devoted to the Governance Audits. These audits are reviewed each year, as failures in these areas could have a negative impact on the External Auditor's overall opinion of the Council's financial statements. It should be noted, however, that there will be no ICT Governance in 2024/25 because many of the checks that would normally be carried out during that review will be covered by a Cyber Security audit instead.
17. The plan also contains a full programme of high/medium risk activities including two areas that have not been audited before, namely, Climate Emergency and De La Warr Pavilion and Heart of Sidley - Levelling Up Fund Governance. A review of the Academy End of Year (EOY) Processes will also be undertaken. This work is normally incorporated into the Governance audits, but this time it will be reviewed earlier, as a separate audit, in light of the fact that the end of year process will be handled by an external contractor on this occasion.
18. Owing to issues found in the recent past, an annual Procurement audit will also now be carried out, focusing on a different service area each year. The first service area selected for a short, targeted review of compliance with Procurement Procedure Rules is Neighbourhood Services.
19. Other high and medium risk activities that were also considered when compiling the new plan, but were not included in the final version, are listed in Appendix D for information. As indicated above, items are generally left out of the current plan where they have only recently been reviewed or where the issues found at the latest audit are being addressed elsewhere. Audits are also sometimes deferred for operational reasons or where the controls are covered elsewhere.

Resources

20. Best practice dictates that the plan should meet the audit needs of the organisation, regardless of the level of resources available to deliver it. If the days required exceed the days available, then it is for senior management to decide whether additional resources should be made available or whether they are content to accept the risks involved of not carrying out some of the reviews, and state which reviews should be omitted. However, in practice, the Audit Manager will always plan to undertake all essential work within existing resources, whenever possible.
21. The resources available for the work planned in 2024/25 are shown in Appendix E. From this it can be seen that it will be possible to meet the total resource requirement of the plan using existing resources.

Reporting Arrangements

22. Progress against the plan will be monitored by the Audit Manager and reported to the Audit and Standards Committee once a quarter. The content of the plan will also be kept under review by the Audit Manager in liaison with the Corporate Management Team and adjusted if required, to ensure that it continues to reflect the Council's needs and priorities.

Conclusion

23. The Audit Plan needs to provide sufficient coverage to meet the Council's statutory duty. Internal Audit aim to meet this requirement by focusing on high and medium risk activities across a broad range of services.
24. The Audit and Standards Committee should note the report, approve the Audit Plan for 2024/25, and make any comments considered appropriate to their governance role.

Risk Management

25. Failure to produce a risk-based audit plan could result in Internal Audit not providing management with independent assurance where it is most needed and could increase the risk of serious control weaknesses going undetected.

| 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 | Yes | Exempt from publication | No |

| | |
|----------------------------|---|
| Chief Executive: | Lorna Ford |
| Report Contact Officer: | Gary Angell, Audit Manager |
| e-mail address: | gary.angell@rother.gov.uk |
| Appendices: | A – Rother Assurance Map (February 2024) B – Rother Assurance Map – Methodology C – Audit Plan 2024/25 D – Other audit areas considered but not included in the plan E – Resources for the Audit Plan 2024/25 |
| Relevant Previous Minutes: | None. |
| Background Papers: | None. |
| Reference Documents: | None. |

| Service or Process | First Line Functions that own and manage risk | | | | Second Line Functions that oversee or specialise in risk management compliance | | | Third Line Functions that provide independent and objective assurance, and advice | | | Gap Analysis - Cumulative Points | Internal Audit - Assurance Gap Risk Analysis |
|---------------------------|--|----------------------------|----------------------|--------------------------|---|-----------------|----------------------|--|----------------|------------------------------|----------------------------------|--|
| | Management self assessments | Key Performance Indicators | Complaints Reporting | Strategy/Policy in Place | Senior Leadership Team | Risk Management | Reporting to Members | Internal Audit | External Audit | Third party assurance/advice | | |
| Capital Projects | 5 | | 0 | 0 | 3 | 0 | 0 | 5 | | | 13 | High |
| Climate Emergency | 3 | | 0 | 0 | 0 | 0 | 0 | 3 | | | 6 | Low |
| Contract Compliance | 3 | 0 | 3 | | 0 | 0 | | 3 | | | 9 | Medium |
| Data Protection | 3 | | 0 | 0 | 0 | 0 | | 3 | | | 6 | Low |
| Environmental Services | 3 | 5 | 0 | 0 | 0 | 0 | 0 | 3 | | 0 | 11 | Medium |
| Estates | 3 | 0 | 0 | 3 | 0 | 0 | 0 | 3 | | 0 | 9 | Medium |
| Financial Services | 5 | | 0 | 0 | 0 | 0 | 0 | 5 | 0 | | 10 | Medium |
| Health and Safety | 3 | | 0 | 0 | 0 | 0 | | 3 | | 0 | 6 | Low |
| Housing | 0 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | | 0 | 3 | Low |
| Housing Company | 5 | | 0 | 0 | 3 | 0 | 0 | 5 | | | 13 | High |
| Human Resources & Payroll | 0 | | 0 | 3 | 0 | 0 | | 0 | | | 3 | Low |
| ICT Security | 0 | | 0 | 0 | 0 | 0 | | 0 | | 3 | 3 | Low |
| Planning | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | | | 6 | Low |
| Procurement | 3 | | 0 | 3 | 0 | 0 | | 3 | | | 9 | Medium |
| Revenues & Benefits | 3 | 3 | 0 | 0 | 0 | 0 | 0 | 3 | 0 | | 9 | Medium |
| Risk Management | 0 | | 0 | 0 | 0 | | 0 | 0 | | 0 | 0 | Low |
| Treasury Management | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 | Low |

Processes Assurance Key and Scoring

| | |
|----------------------|---|
| Good Assurance | 0 |
| Moderate Assurance | 3 |
| Inadequate Assurance | 5 |
| Not Applicable | |

Changes to Assurance Gap Risk Analysis since Feb 2023

- Capital Projects and Climate Emergency have been added.
- Asset Management and Property Investment are now combined under a new Estates heading.
- Housing Company has moved ↑ from **Medium** to **High** risk.
- Environmental Services, Estates and Revenues & Benefits have all moved ↑ from **Low** to **Medium** risk.
- Financial Services has moved ↓ from **High** to **Medium** risk.
- Planning has moved ↓ from **Medium** to **Low** risk
- All other assessments remain unaltered.

Assurance Gap Risk Analysis Key

| | |
|--------------------|--------|
| Low Risk (0-6) | Low |
| Medium Risk (7-12) | Medium |
| High Risk (13+) | High |

Rother Assurance Map – Methodology

First Line – Functions that own and manage risk.

Management Self-Assessments

Ideally an exercise should be carried out by management to determine the levels of assurance they consider to be in place for the services/processes under their control. This should be based on their opinion of the quality of internal controls, the quality of operational management, the experience and knowledge of staff etc. However, in order to complete this section of the map we have mirrored the Internal Audit assurance ratings. We have done this on the basis that management agree the Internal Audit reports and have an opportunity to challenge areas where they disagree.

Key Performance Indicators

Note – This section is based solely on the Key Performance Indicators (KPIs) that have been reported to the Overview and Scrutiny Committee for the first six months of 2023/24.

The Council has a number of KPIs that are reported to Members at the Overview and Scrutiny Committee. However, these do not cover all the services/processes identified in the Assurance Map, and only six areas have relevant KPIs. These are set out in the table below.

| Assurance Map Service or Process | Key Performance Indicators |
|----------------------------------|--|
| Contract Compliance | N1 Missed bins per 100,000 collections |
| Environmental Services | E1 % of scheduled food inspections that were carried out |
| | E2 % of service requests completed in the required timescale |
| Estates | E1 Income from all assets |
| Housing | H1 Number of households either prevented from homelessness or relieved from homelessness |
| | H2 Average cost of placing household in temporary accommodation |
| | H3 Average weeks a household was in temporary accommodation before placement |
| Planning | P1 Percentage of major development applications determined in 13 weeks or agreed extension |
| | P2 Percentage of minor development applications determined in 8 weeks or agreed extension |

| Assurance Map Service or Process | Key Performance Indicators |
|----------------------------------|--|
| | P3 Major development planning appeals allowed by the Planning Inspector |
| | P4 Minor development planning appeals allowed by the Planning Inspector |
| | P5 Total number of P1 and P2 planning applications (live cases) |
| Revenues & Benefits | RB1 Percentage of council tax owed for the year that has been collected |
| | RB2 Percentage of business rates owed for the year that have been collected |
| | RB3 Average calendar days to process a new housing benefit claim |
| | RB4 Average calendar days to process a change to an existing housing benefit claim |

The *Performance Report: First and Second Quarters 2023/23* submitted to the committee in November 2023 was examined. Those areas reported to be performing “on target or better than target” (i.e. Contract Compliance, Estates, Housing and Planning) are rated as ‘green’ in the Assurance Map.

Revenues & Benefits has four KPIs. Two are performing well, but the other two are behind target, and one of these (RB4), was found to be “getting worse”. This area is therefore rated as ‘amber’.

The two Environmental Services KPIs are both flagged as “not on target and getting worse” so this area is rated as ‘red’.

Complaints Reporting

Details of all official complaints received by the Customer Services team between 1 January 2023 and 31 December 2023 were reviewed. A total of 175 complaints were received in this period but the vast majority of these were either resolved or not upheld.

A total of three complaints were upheld. These were all Stage 1 complaints in respect of Housing (2) and Recycling - Contract Compliance (1). Both of these areas are therefore rated as ‘amber’. NB - No Stage 2 complaints were fully upheld in this period.

Strategy/Policy in Place

Any services/processes where an up-to-date strategy or policy is in place are rated ‘green’. Strategies and policies which are overdue a review are rated ‘amber’.

Second Line – Functions that oversee or specialise in risk management compliance.

Senior Leadership Team

The level of assurance in this section is based on the amount of senior management oversight and awareness of current issues in the listed areas. The scores shown were shared with and agreed by the Senior Leadership Team.

Risk Management

All strategic risks are recorded in the Corporate Risk Register. The risk register was reported to the Audit and Standards Committee in March 2023 and again in October 2023.

Separate risk registers are required to be kept for all corporate projects.

All Heads of Service/Service Managers must also record and monitor operational risks in Service Risk Registers as part of the Service Plan process.

The latest Corporate Risk Register and Service Risk Registers were reviewed to ascertain what risks have been identified and addressed. These risk registers covered all areas in the Assurance Map and all are therefore rated 'green'.

Reporting to Members

All relevant service/processes are rated 'green' as they are reporting to Members as and when required.

Third Line – Functions that provide independent and objective assurance, and advice.

Internal Audit

Assurance ratings are based on Internal Audit findings on engagements carried out in the last two years. Any services/processes where there has been at least one minimal overall audit assurance rating, or two limited audit assurance ratings are marked as 'red'. Any services/processes which have had one limited audit assurance rating are marked as 'amber'. Services/processes where all audits undertaken in the last two years have had a good or substantial audit assurance rating are marked as 'green'.

Those services/processes that are either yet to be reviewed by Internal Audit (Climate Emergency and Health and Safety) or where no routine audit engagements have been completed in the last two years (Data Protection and Environmental Services), are all marked as 'amber' for the purposes of this exercise.

External Audit

The External Auditors give assurance on the final accounts and the Housing Benefit subsidy claims. As no significant issues have been reported in the past 12 months, the relevant services/processes have all been marked as 'green'.

Third Party Assurance/Advice

The three main areas where this is applicable are Estates, Health and Safety, and Treasury Management.

- Estates – Professional and legal advice is obtained regarding the acquisition of land and property.
- Health and Safety – The Health and Safety Executive (HSE) carry out spot checks and no issues have been highlighted in the past 12 months. The Council also uses an external company that is registered with the Institution of Occupational Safety and Health (IOSH) for advice and training.
- Treasury Management – Link Asset Services provide advice on Treasury Management issues.

In addition, both Environmental Services and Housing have recently received positive compliance reports from the Food Standards Agency and Homes England respectively.

All of the above areas are marked as 'green'.

Zurich Resilience Solutions has previously recommended improvements to ICT Security and Risk Management. The Council's Risk Management processes have since been improved and this area is marked as 'green'. However, the ICT Security issue (i.e. the need to produce an up-to-date Disaster Recovery Plan) is yet to be fully resolved and this area is therefore marked as 'amber'.

Scoring System and Analysis

Processes Assurance Key and Scoring

This is set out in the yellow box at the bottom of the Assurance Map. Points are awarded based on whether the assurance function provides good, moderate or inadequate assurance. These scores enable us to quantify the level of assurance received and identify those areas of higher risk where control may need to be improved.

Gap Analysis – Cumulative Points

This column records the cumulative scores after all sources of assurance have been taken into consideration.

Internal Audit - Assurance Gap Risk Analysis

This column is aimed at prioritising areas for future Internal Audit assurance and consultancy exercises.

The Gap Analysis scores are banded into three assurance categories; low, medium and high risk in accordance with the parameters shown in the blue box at the bottom of the Assurance Map.

AUDIT PLAN 2024/25

| GOVERNANCE AUDITS | DAYS |
|---------------------|------------|
| Benefits | 21 |
| Business Rates | 13 |
| Council Tax | 18 |
| Creditors | 20 |
| Debtors | 15 |
| Payroll | 25 |
| Treasury Management | 20 |
| TOTAL | 132 |

| HIGH & MEDIUM RISK AUDITS | DAYS |
|--|------------|
| Academy EOY Processes * | 15 |
| Climate Emergency | 15 |
| Cyber Security | 15 |
| De La Warr Pavilion & Heart of Sidley - Levelling Up Fund Governance | 25 |
| Disabled Facilities Grants | 15 |
| Estates Income | 15 |
| Food Safety | 15 |
| Land Charges | 12 |
| Licensing | 15 |
| Procurement - Neighbourhood Services * | 15 |
| Temporary Accommodation (Bed & Breakfast) | 10 |
| Waste Contract - RDC Client Control | 10 |
| TOTAL | 177 |

* Short, targeted reviews on single activities or known issues

| CONSULTANCY WORK | DAYS |
|-------------------------------------|-----------|
| New Initiatives - General Provision | 15 |
| U4BW Upgrade Project | 5 |
| TOTAL | 20 |

| COUNTER FRAUD WORK | DAYS |
|---|-----------|
| Income Protection Work - Analysis & Referrals | 60 |
| NFI Coordination & Review | 10 |
| Whistleblowing Referrals | 5 |
| TOTAL | 75 |

AUDIT PLAN 2024/25 (Continued)

| OTHER WORK | DAYS |
|---------------------------------------|-----------|
| 2023/24 Audit Plan Overruns | 10 |
| Audit Advice/Special Investigations | 42 |
| Committee Representation and Training | 25 |
| Liaison with External Audit | 2 |
| Recommendation Follow Up | 10 |
| TOTAL | 89 |

| | |
|--|------------|
| TOTAL CHARGEABLE DAYS | 493 |
| NUMBER OF AUDITS AND CONSULTANCY WORK | 21 |

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Other audit areas considered but not included in the plan

| Audit Title | Last Review | Notes |
|--|-------------|--|
| High Risk Areas | | |
| Blackfriars Spine Road Project | Aug-23 | Significant issues found at recent review. Recommendations being followed up by Audit Manager |
| Corporate Programme Management | Oct-23 | Only recently reviewed. No significant issues found. Next review 2025/26 |
| Housing Company Governance | Oct-23 | Significant issues found at recent review. Recommendations being followed up by Audit Manager |
| Medium Risk Areas | | |
| Asset Management | Jun-18 | Estates audit already planned in coming year. Review in 2025/26 to allow time for replacement Estates Manager to settle in |
| BACS/BACSTEL-IP Computer System | Feb-22 | Last reviewed 2021/22. Next audit 2025/26 |
| Building Maintenance | Sep-22 | Reviewed 2022/23. Next audit 2025/26 |
| Capital Programme | Jun-22 | Significant issues found when last reviewed in 2022/23. However, all the issues raised have since been addressed. |
| Car Park Income | Dec-23 | Only recently reviewed. Next audit 2026/27 |
| Community Infrastructure Levy (CIL) | Dec-23 | Recent follow up review. Control much improved. Next audit 2025/26 |
| Data Protection | Jun-21 | Assessed substantial at 2021/22 review but Audit Manager is still following-up actions outstanding. Next audit 2025/26 |
| Destin (Property Management) System | Never | First review still in progress |
| Environmental Services Computer System | Never | M3 recently replaced with Idox. Any Idox-related issues should become apparent from other audit work planned in 2024/25 |
| Grounds Maintenance Contract – Client Control | Oct-21 | Contract size likely to reduce soon due to devolvement and cost cutting measures. New contract pending. Next audit 2025/26 |
| Homelessness Prevention Initiatives | Oct-22 | Reviewed 2022/23. Next audit 2025/26 |
| ICT Asset Management | Jul-23 | Significant issues found at recent review. Recommendations being followed up by Audit Manager |
| ICT Governance | Jul-23 | Replaced by Cyber Security in 2024/25 |
| Income Management | Nov-21 | Any significant problems would be identified at other audits |
| Income Tax | Sep-16 | Long-established processes in place with few changes. CIS monitoring now picked up at Creditors audit |
| Legal Services | Aug-11 | Revisit VFM audit after new service provision is agreed. |
| Planning Computer System | Jan-04 | Ocella due to be replaced with new a system in 2024/25. Consider review in 2024/25 |
| Planning Income | Jul-17 | Reduced risk as most fees now paid online. Consider review in 2025/26 |
| Pollution Control | Dec-21 | Reviewed 2021/22. Two other Environmental Services audits planned in coming year. Defer to 2025/26 |
| Property Investment | Oct-22 | Postpone for now as there is no budget for further investment activity at present. |
| Public Conveniences Cleaning Contract - Client Control | Dec-22 | Service recently reduced due to temporary closures and new contract pending. Review in 2025/26 |
| Risk Management | Jun-23 | Only recently reviewed. Few issues found. Next audit 2026/27 |
| Section 106 Agreements | Nov-23 | Recently reviewed. Few issues found. Next Audit 2026/27 |
| Temporary Accommodation Investment | Nov-23 | Recently reviewed. Few issues found. Next audit 2025/26 |
| Value Added Tax (VAT) | Jan-22 | Reviewed 2022/23. Next audit 2025/26 |

RESOURCES FOR THE AUDIT PLAN 2024/25

| | TOTALS | Audit Manager | Senior Auditor | Internal Auditor |
|--|-------------|---------------|----------------|------------------|
| FTE POSTS | 3.0 | 1.0 | 1.0 | 1.0 |
| DAYS AVAILABLE | 783 | 261 | 261 | 261 |
| PLANNED AUDIT WORK | Days | | | |
| Governance Audits | 132 | | | |
| High & Medium Risk Audits | 177 | | | |
| Consultancy Work | 20 | | | |
| Counter Fraud Work | 75 | | | |
| Other Work | 89 | | | |
| TOTAL CHARGEABLE DAYS | 493 | | | |
| NON-CHARGEABLE TIME | Days | | | |
| Management & Supervision | 18 | 18 | 0 | 0 |
| Team Meetings | 36 | 12 | 12 | 12 |
| Data Analytics | 32 | 2 | 30 | 0 |
| Training/CPD | 15 | 5 | 5 | 5 |
| Planning & Business Development | 12 | 10 | 2 | 0 |
| Performance Appraisals | 4 | 2 | 1 | 1 |
| Plan/Review Audit Coverage | 19 | 2 | 15 | 2 |
| Annual Leave (Inc. Days Carried Over) | 94 | 34 | 33 | 27 |
| Public Holidays | 21 | 7 | 7 | 7 |
| Sickness | 12 | 4 | 4 | 4 |
| Maternity/Paternity Leave | 0 | 0 | 0 | 0 |
| Vacancies/Recruitment | 0 | 0 | 0 | 0 |
| Income Generation - Further Work | 10 | 10 | 0 | 0 |
| Non-Audit Work - Elections | 13 | 5 | 4 | 4 |
| Non-Audit Work - Mental Health First Aid | 4 | 0 | 0 | 4 |
| TOTAL NON-CHARGEABLE DAYS | 290 | 111 | 113 | 66 |
| TOTAL RESOURCE REQUIREMENT | 783 | | | |
| TOTAL AVAILABLE DAYS | 783 | | | |

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| WORK PROGRAMME 2023 – 2024 | |
|-------------------------------------|--|
| DATE OF COMMITTEE | SUBJECT |
| Monday 25 March 2024 | <p>Part A – Standards Reports (none scheduled)</p> <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> Proposed Changes to the Decision-Making Structure – Reduction of Members Appointed to the Planning Committee Internal Audit Report to 31 December 2023 Review of Internal Audit 2023/24 Internal Audit Plan 2024/25 Treasury Management Update Report Quarter 3 Rother DC Housing Company Governance Monitoring |
| WORK PROGRAMME 2024 – 2025 | |
| Monday 17 June 2024 | <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"> Grant Thornton – Audit Progress Report and Sector Update Grant Thornton - External Audit Plan 2023/24 Internal Audit – Annual Report and Opinion 2023/24 2023/24 Statement of Accounts – Audit Planning Risk Assessment Risk Management Update Self-Assessment Annual Review Property Investment Strategy Update |
| Wednesday 24 July 2024 | <p>Part A – Standards Reports (none scheduled)</p> <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> Audit and Standards Committee Annual Report Statement of Accounts 2023/24 Annual Governance Statement 2023/24 Treasury Management Update – 2023/24 Outturn |
| Monday 30 September 2024 | <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 2024 |

| | |
|--|--|
| | <ul style="list-style-type: none"> • Treasury Management Update Quarter 1 • Risk Management Update |
| <p>Monday 2 December 2024</p> | <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 Rother District Council Owned/Leased Accommodation Complaints Handling <p>Part B – Audit Reports</p> <ul style="list-style-type: none"> • Grant Thornton – Audit Findings Report 2023/24 • Internal Audit Report to 30 September 2024 • Treasury Management Update Report Quarter 2 |
| <p>Monday 24 March 2025</p> | <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 • Grant Thornton – Annual Audit Report 2023/24 • Grant Thornton - External Audit Plan 2024/25 • Internal Audit Report to 31 December 2024 • Review of Internal Audit 2024/25 • Internal Audit Plan 2025/26 • Property Investment Strategy Update • Treasury Management Update Report Quarter 3 • Rother DC Housing Company Governance Monitoring |