

Audit Committee

Tuesday 21 July 2015 at 6.00 pm

To be held at the Town Hall, Pinstone Street, Sheffield, S1 2HH

The Press and Public are Welcome to Attend

Membership

Councillors Steve Jones (Chair), John Campbell, Tony Damms, Rob Frost, Dianne Hurst, Joe Otten and Sioned-Mair Richards.

Independent Co-opted Members

Rick Plews and Liz Stanley.

PUBLIC ACCESS TO THE MEETING

The Audit Committee is a key part of the Council's corporate governance arrangements. The Committee has delegated powers to approve the Council's Statement of Accounts in accordance with the Accounts and Audit Regulations 2003 and consider the Annual Letter from the Auditor in accordance with the Accounts and Audit Regulations 2003 and to monitor the Council's response to individual issues of concern identified.

A copy of the agenda and reports is available on the Council's website at www.sheffield.gov.uk. You can also see the reports to be discussed at the meeting if you call at the First Point Reception, Town Hall, Pinstone Street entrance. The Reception is open between 9.00 am and 5.00 pm, Monday to Thursday and between 9.00 am and 4.45 pm. on Friday. You may not be allowed to see some reports because they contain confidential information.

Recording is allowed at Audit Committee meetings under the direction of the Chair of the meeting. Please see the website or contact Democratic Services for details of the Council's protocol on audio/visual recording and photography at council meetings.

If you require any further information please contact Dave Ross in Democratic Services on 0114 273 5033 or email dave.ross@sheffield.gov.uk.

FACILITIES

There are public toilets available, with wheelchair access, on the ground floor of the Town Hall. Induction loop facilities are available in meeting rooms.

Access for people with mobility difficulties can be obtained through the ramp on the side to the main Town Hall entrance.

**AUDIT COMMITTEE AGENDA
21 JULY 2015**

Order of Business

- 1. Welcome and Housekeeping Arrangements**
- 2. Apologies for Absence**
- 3. Exclusion of Public and Press**
To identify items where resolutions may be moved to exclude the press and public.
- 4. Declarations of Interest** (Pages 1 - 4)
Members to declare any interests they have in the business to be considered at the meeting.
- 5. Appointment of Deputy Chair**
To appoint a Deputy Chair of the Committee for 2015/16.
- 6. Minutes of Previous Meeting** (Pages 5 - 12)
To approve the minutes of the meetings of the Committee held on 28 April and 20 May 2015.
- 7. Annual Governance Statement 2014/15** (Pages 13 - 28)
Report of Director of Legal and Governance.
- 8. Summary of the 2014/15 Statement of Accounts** (Pages 29 - 52)
Report of the Interim Executive Director, Resources.
- 9. Certification of Claims and Returns Annual Report 2013/14 and Completed Action Plan** (Pages 53 - 64)
Report of the Director, KPMG.
- 10. Progress on High Opinion Audit Reports** (Pages 65 - 126)
Report of the Senior Finance Manager.
- 11. Update on the Finance Service Actions Arising from the KPMG Report on Adult Social Care** (Pages 127 - 136)
Report of the Assistant Director of Finance.
- 12. Update on the Adult Social Care Change Programme** (Pages 137 - 142)
Report of the Interim Director of Business Strategy, Communities.
- 13. Work Programme** (Pages 143 - 150)
Report of the Director of Legal and Governance.

14. Dates of Future Meetings

To note that meetings of the Committee will be held at 6.00 p.m. on:-

- 24 September 2015
- 12 November 2015
- 10 December 2015 (additional meeting if required)
- 14 January 2016
- 11 February 2016 (additional meeting if required)
- 10 March 2016 (additional meeting if required)
- 14 April 2016
- 14 July 2016

ADVICE TO MEMBERS ON DECLARING INTERESTS AT MEETINGS

If you are present at a meeting of the Council, of its executive or any committee of the executive, or of any committee, sub-committee, joint committee, or joint sub-committee of the authority, and you have a **Disclosable Pecuniary Interest (DPI)** relating to any business that will be considered at the meeting, you must not:

- participate in any discussion of the business at the meeting, or if you become aware of your Disclosable Pecuniary Interest during the meeting, participate further in any discussion of the business, or
- participate in any vote or further vote taken on the matter at the meeting.

These prohibitions apply to any form of participation, including speaking as a member of the public.

You **must**:

- leave the room (in accordance with the Members' Code of Conduct)
- make a verbal declaration of the existence and nature of any DPI at any meeting at which you are present at which an item of business which affects or relates to the subject matter of that interest is under consideration, at or before the consideration of the item of business or as soon as the interest becomes apparent.
- declare it to the meeting and notify the Council's Monitoring Officer within 28 days, if the DPI is not already registered.

If you have any of the following pecuniary interests, they are your **disclosable pecuniary interests** under the new national rules. You have a pecuniary interest if you, or your spouse or civil partner, have a pecuniary interest.

- Any employment, office, trade, profession or vocation carried on for profit or gain, which you, or your spouse or civil partner undertakes.
- Any payment or provision of any other financial benefit (other than from your council or authority) made or provided within the relevant period* in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

*The relevant period is the 12 months ending on the day when you tell the Monitoring Officer about your disclosable pecuniary interests.

- Any contract which is made between you, or your spouse or your civil partner (or a body in which you, or your spouse or your civil partner, has a beneficial interest) and your council or authority –
 - under which goods or services are to be provided or works are to be executed; and
 - which has not been fully discharged.

- Any beneficial interest in land which you, or your spouse or your civil partner, have and which is within the area of your council or authority.
- Any licence (alone or jointly with others) which you, or your spouse or your civil partner, holds to occupy land in the area of your council or authority for a month or longer.
- Any tenancy where (to your knowledge) –
 - the landlord is your council or authority; and
 - the tenant is a body in which you, or your spouse or your civil partner, has a beneficial interest.
- Any beneficial interest which you, or your spouse or your civil partner has in securities of a body where -
 - (a) that body (to your knowledge) has a place of business or land in the area of your council or authority; and
 - (b) either -
 - the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
 - if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, or your spouse or your civil partner, has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

If you attend a meeting at which any item of business is to be considered and you are aware that you have a **personal interest** in the matter which does not amount to a DPI, you must make verbal declaration of the existence and nature of that interest at or before the consideration of the item of business or as soon as the interest becomes apparent. You should leave the room if your continued presence is incompatible with the 7 Principles of Public Life (selflessness; integrity; objectivity; accountability; openness; honesty; and leadership).

You have a personal interest where –

- a decision in relation to that business might reasonably be regarded as affecting the well-being or financial standing (including interests in land and easements over land) of you or a member of your family or a person or an organisation with whom you have a close association to a greater extent than it would affect the majority of the Council Tax payers, ratepayers or inhabitants of the ward or electoral area for which you have been elected or otherwise of the Authority's administrative area, or
- it relates to or is likely to affect any of the interests that are defined as DPIs but are in respect of a member of your family (other than a partner) or a person with whom you have a close association.

Guidance on declarations of interest, incorporating regulations published by the Government in relation to Disclosable Pecuniary Interests, has been circulated to you previously.

You should identify any potential interest you may have relating to business to be considered at the meeting. This will help you and anyone that you ask for advice to fully consider all the circumstances before deciding what action you should take.

In certain circumstances the Council may grant a **dispensation** to permit a Member to take part in the business of the Authority even if the member has a Disclosable Pecuniary Interest relating to that business.

To obtain a dispensation, you must write to the Monitoring Officer at least 48 hours before the meeting in question, explaining why a dispensation is sought and desirable, and specifying the period of time for which it is sought. The Monitoring Officer may consult with the Independent Person or the Council's Standards Committee in relation to a request for dispensation.

Further advice can be obtained from Gillian Duckworth, Director of Legal and Governance on 0114 2734018 or email gillian.duckworth@sheffield.gov.uk.

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Audit Committee

Meeting held 28 April 2015

PRESENT: Councillors Ray Satur (Chair) and Josie Paszek.

Co-opted Independent Members

Rick Plews

Officers in attendance

John Mothersole (Chief Executive)
Gillian Duckworth (Director of Legal and Governance)
David Phillips (Interim Director of Finance)
Kayleigh Inman (Senior Finance Manager, Internal Audit)
Stephen Bower (Finance Manager, Internal Audit)
Richard Garrad (Corporate Risk Manager)
Sue Sunderland (Director, KPMG)
Simon Dennis (Senior Manager, KPMG)
Carol Tague (Principal Committee Secretary)

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1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Sioned-Mair Richards and John Campbell and Liz Stanley (Independent Co-opted Member).

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF PREVIOUS MEETING

The minutes of the meeting of the Committee held on 8 January 2015 were approved as a correct.

4. CERTIFICATION OF CLAIMS AND RETURNS - ANNUAL REPORT 2013/14

It was **agreed** that this item would be deferred for consideration until the next meeting of the Audit Committee, provisionally scheduled for 16 July 2015, so that it could be considered alongside the completed action plan.

5. EXTERNAL AUDIT PLAN 2014/15

5.1 The Director, KPMG introduced the External Audit Plan 2014/15 that described how KPMG would deliver the financial statements audit work for the Council and also set out the approach to value for money work.

5.2 In presenting the report, the Director highlighted that no significant risks had been identified as part of the initial risk assessment for the financial statements

of the Council and outlined the key risks of Adult Social Care and Savings Plans identified through the initial risk assessment for the VFM conclusion.

5.3 The Director, KPMG reassured Members that whilst no significant risks had been identified in relation to the financial statements, the audit process was robust and had been quality reviewed to ensure this. Good working relationships were in place, with open dialogue and access to information. She added that whilst that it had not been necessary to call upon the Chair of the Audit Committee for support, it was reassuring that independent access to the Chair was available if required.

5.4 **Resolved:** That the Committee:-

(a) notes the External Audit Plan 2014/15; and

(b) asks that the Director of KPMG's comments regarding the value of the working relationship be passed on to the Management Team.

6. ANNUAL AUDIT FEE LETTER 2015/16

6.1 The Director, KPMG reported that the Audit Commission had set 2015/16 scale fees based on a reduction of 25% on those in 2014/15. The 2015/16 claim for housing benefit subsidy to the Department for Work & Pensions would also be certified as part of their work under the code.

6.2 Members of the Committee were reassured that the fee reduction would not see a reduction in the scope or quality of the audit and the approach would remain the same. The fee reduction was linked to the cessation of the Audit Commission and the contributions to fund them as a body, as well as the combining and spread of contract values.

6.3 **Resolved:** That the Committee notes the Annual Audit Fee Letter for 2015/16.

7. INTERNAL AUDIT PLAN 2015/16

7.1 The Senior Finance Manager (Internal Audit) presented a report which set out the Internal Audit Plan planning methodology and programme of work for 2015/16. The Plan summarised a risk based programme of work that demonstrated that the Council had made provision to discharge its statutory responsibilities. It was noted that the planned audit time was broadly in line with that for 2014/15 and that a block of resource had been dedicated to reviewing the Council's capital programme to ensure that revised processes were embedded.

7.2 The Senior Finance Manager responded to questions from members of the Committee. It was noted that the partnership for technical ICT support for 2015/16 was not being renewed due to the impending introduction of a new financial system. However, Internal Audit were providing input into the development of governance controls for the various work streams of the implementation project.

7.3 It was confirmed that the Committee would receive a report on progress against the Plan in September 2016 however any major changes would be reported on an exception basis throughout the year.

7.4 The Chair referred to a number of written questions received from Liz Stanley, Independent Co-opted Member, in relation to this and the following item (Protecting the Public Purse Annual Fraud Report). It was agreed that these would be forwarded to the Senior Finance Manager for response.

7.5 **Resolved:** That the Committee:-

(a) in respect of the provision of the statutory Internal Audit function and in order to comply with best professional practice, endorses the programme of audit work for 2015/16 set out in the appendix to the report now submitted; and

(b) requests that the Committee Member questions submitted in writing, be forwarded to the Senior Finance Manager for a response and this be subsequently be forwarded to all Members of the Committee.

8. PROTECTING THE PUBLIC PURSE ANNUAL FRAUD REPORT

8.1 The Finance Manager (Internal Audit) submitted a report informing the Committee of the key recommendations contained in the Audit Commission's 'Protecting the Public Purse 2014' report and to provide an update on fraud investigation activity within the Council during 2014/15 and beyond. Attached to the report was the completed checklist for those responsible for governance.

8.2 The report summarised the key fraud risks contained in the 'Protecting the Public Purse' and incorporated the Council's perspective in these areas.

8.3 **Resolved:** That the Committee:-

(a) notes the contents of the report;

(b) notes the completed checklist for those responsible for governance as indicated in Appendix A of the report; and

(c) requests that the Committee Member questions submitted in writing, be forwarded to the Senior Finance Manager for a response and this be subsequently be forwarded to all Members of the Committee.

9. COMPLIANCE WITH INTERNATIONAL AUDITING STANDARDS

9.1 The Finance Manager (Internal Audit) submitted a report that highlighted that the Audit Committee can demonstrate to the External Auditors and a wider audience that it had exercised the required oversight in order to meet the requirements of the International Standards on Auditing. This report drew together much of the work that had been undertaken by the Committee in the past year.

9.2 It was highlighted that in addition to the systems outlined in Paragraph 23 (Page 134), relevant officers were also asked to attend the Committee.

9.3 It was noted that the Senior Finance Manager met with the Chief Executive prior to Audit Committee meetings at least twice per year to discuss the high opinion action tracker and that she had full and open access to the Chief Executive and his team.

9.4 **Resolved:** That the Committee confirms that:-

(a) that the report gives an accurate reflection of the reports that it has received and considered throughout the year; and

(b) it has an overview of the Council's systems of internal control so that it is assured that it is fulfilling the requirements of 'those charged with governance' under the International Auditing Standards.

10. WORK PROGRAMME

10.1 The Director of Legal and Governance submitted a report providing details of the Committee's work programme to April 2015.

10.2 **Resolved:** That the Committee **approves** the work programme as outlined.

11. INDEPENDENT CO-OPTED MEMBER - EXTENSION OF TERM OF OFFICE

11.1 The Director of Legal and Governance reported that further to the decision of the Council meeting on 4 September 2013 extending the maximum term for the appointment of co-opted Independent Members of the Audit Committee for 5 years, it was recommended that the term of office for Rick Plews be extended to 17 May 2016.

11.2 The Chair took the opportunity to thank Rick Plews for his contribution to the Committee and enthusiasm in the role and welcomed the different perspective to Local Government offered by the co-opted Independent Members.

11.3 **Resolved:** That the Committee recommends to the Annual General Meeting on 20 May 2015 that the term of office for Rick Plews, be extended to 17 May 2016.

12. EXCLUSION OF PUBLIC AND PRESS

Resolved that the public and press be excluded from the meeting before discussion takes place on the following item of business to be considered on the grounds that, if the public and press were present during the transaction of such business, there would be a disclosure to them of exempt information as described in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, as amended.

13. STRATEGIC RISK MANAGEMENT

The Corporate Risk Manager submitted a report and gave a presentation that assessed:

- the Council's current Risk Management arrangements and the measures being implemented to further strengthen and improve those arrangements;
- the Risk Management trend analysis since the previous report to the Committee on 14 November;
- the current and emerging risks to delivery of the Council's strategic objectives and the controls in place to manage those risks.
- a comparison of the risk management arrangements and risks currently being addressed by the Council and other single tier authorities.

The Corporate Risk Manager and Chief Executive responded to questions from members of the Committee relating to reputational risk and business continuity. Members were reassured that risks were not just being recorded and there were reasonable stretch targets within the system to provide challenge.

Resolved: That the Committee:-

- (a) notes the current assessment of the Council's Risk Management arrangements and endorses the measures being taken to strengthen those arrangements;
- (b) notes the improving trend in management of risks;
- (c) notes the current and emerging risks and endorses the actions being taken to mitigate those risks; and
- (d) notes the favourable comparison between Sheffield's risk management arrangements and those of other comparable authorities.

14. DATES OF FUTURE MEETINGS

It was noted that subject to approval at the Annual General Meeting on 20 May 2015, meetings of the Committee would be held at 6.00 pm on:-

- 16 July 2015
- 24 September 2015
- 12 November 2015
- 10 December 2015 (additional meeting if required)
- 14 January 2016
- 11 February 2016 (additional meeting if required)
- 10 March 2016 (additional meeting if required)
- 14 April 2016
- 14 July 2016

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SHEFFIELD CITY COUNCIL

Audit Committee

Meeting held 20 May 2015

PRESENT: Councillors Steve Jones (Chair), John Campbell, Tony Damms, Rob Frost, Joe Otten and Sioned-Mair Richards.

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1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. APPOINTMENT OF CHAIR AND DEPUTY CHAIR

Resolved: That Councillor Steve Jones be appointed Chair of the Audit Committee for 2015/16.

3. TO FIX THE DAY AND TIME OF MEETING

Resolved: That meetings of the Committee be held at 6.00 p.m. on the following dates:-

16 July 2015
24 September 2015
12 November 2015
10 December 2015
14 January 2016
11 February 2016
10 March 2016
14 April 2016

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Audit Committee Report

Report of: Director of Legal and Governance

Date: 21st July 2015

Subject: Annual Governance Statement 2014/15

Author of Report: Gillian Duckworth,
Director of Legal & Governance

Summary: The attached is the Sheffield City Council Annual Governance Statement which forms part of the Councils Statutory Accounts

Recommendations:

The Council is required to produce and have signed off, as part of its annual accounts, an Annual Governance Statement. The statement is intended to identify any significant control weaknesses and also to set out how the council intends to address any weaknesses identified.

To note the contents of the Statement and that this has been signed by the Council Leader, Chief Executive and the Executive Director of Resources and that the statement forms part of the Annual Accounts.

Background Papers:

Category of Report: Open

* Delete as appropriate

Statutory and Council Policy Checklist

Financial Implications
NO Cleared by: Eugene Walker
Legal Implications
NO Cleared by: Gillian Duckworth
Equality of Opportunity Implications
NO Cleared by:
Tackling Health Inequalities Implications
NO
Human rights Implications
NO:
Environmental and Sustainability implications
NO
Economic impact
NO
Community safety implications
NO
Human resources implications
NO
Property implications
NO
Area(s) affected
Relevant Cabinet Portfolio Leader
Relevant Scrutiny Committee if decision called in
Not applicable
Is the item a matter which is reserved for approval by the City Council?
NO
Press release
NO

SHEFFIELD CITY COUNCIL

ANNUAL GOVERNANCE STATEMENT

THE POSITION FOR THE FINANCIAL YEAR 2014/15

Scope of responsibility

Sheffield City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

Sheffield City Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Sheffield City Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Sheffield City Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on our website: <https://www.sheffield.gov.uk/your-city-council/constitution-and-governance/code-of-corporate-governance.html>. This statement explains how Sheffield City Council has complied with the code. It also meets the requirements of Accounts and Audit Regulations 2015, regulation 6(1), which requires all relevant bodies to prepare an annual governance statement.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled, and also its activities through which it accounts to, engages with and leads the community. This framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Sheffield City Council policies, aims and objectives, to evaluate the likelihood of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Sheffield City Council for the financial year ended 31 March 2015 and up to the date of approval of the Sheffield City Council annual report and statement of accounts.

The governance framework of the Council is constantly being updated to take account of changes in legislation and working practices.

The Sheffield City Council Governance Arrangements

The governance arrangements of the Council contains two key elements, the internal control arrangements of the Council and also how Sheffield City Council demonstrates these arrangements to its citizens and service users. We have documented the key elements of the control environment and how these are communicated below.

Internal Control Environment

The system of internal control as described below has been in place at Sheffield City Council for the year ended 31 March 2015 and up to the date of approval of the annual report and accounts.

In discharging its responsibility, the Council has a published constitution that specifies the business of the Council, as well as establishing the role of the Cabinet, Scrutiny Committees and Regulatory Committees. The Leader's Scheme of Delegation lays down the scheme of delegation by which Members of the Council and Officers can make Executive decisions on behalf of the Council to ensure the smooth operation of business.

In order to illustrate the key elements of internal control, the control environment has been subdivided into six elements as outlined below;

1 - Establishing and monitoring the achievement of the Council's business

The Council has developed its Corporate Plan 2015 – 2018 (agreed by Cabinet on 18 March 2015) which sets out its vision and corporate priorities, replacing the previous Corporate Plan 2011-2014 ("Standing Up for Sheffield") – agreed by Cabinet on 9 November 2011. The current plan has been developed to clearly show the link between the key aims of the Council and the corporate priorities to achieve these. The Council has a business planning process that is designed to align service activity and objectives to the corporate priorities. A quarterly performance monitoring process continues to track progress against the Council's key priorities and to highlight any potential risks and issues in achieving these.

The Council's Executive Management Team (EMT) and elected Members have the responsibility for formulating the Council's medium term financial strategy in order to ensure that adequate resources are available to meet the Council's objectives.

Cabinet receives regular monthly budget monitoring reports in addition to the Portfolio Leadership Teams. The Council's corporate systems for producing this information have been developed to provide timely and accurate reports for services and the Council as a whole on a consistent basis.

Performance management information about key corporate objectives is also provided regularly to Cabinet members, and may also be considered by Members at the Overview and Scrutiny Management Committee.

The Council has undertaken a number of initiatives to consult with interested groups and the wider citizens of Sheffield on its vision and priorities.

The Corporate Plan and minutes of Council meetings are publicly available through the Council's website – www.sheffield.gov.uk.

2 - The facilitation of policy and decision-making

The Council's overall budget and policy framework are set by Full Council. Key decisions are taken by the Executive (Leader, Cabinet, individual Cabinet members, officers as appropriate), within the budget and policy framework set by Council.

The council has an Overview and Scrutiny function (including a call-in facility), which reports to the Cabinet and Full Council as appropriate.

A scheme of delegation is in place that allows decisions to be undertaken at an appropriate level, so that to the functions of the Council are undertaken efficiently and effectively. The scheme includes the Leader's own scheme of delegation, supported by more detailed officer schemes of delegation corporately and within portfolios.

3 - Ensuring compliance with established policies, procedures, laws and regulations

Procedures are covered by the Council's Constitution, backed up by Standing Orders, the Financial Regulations and Protocol, and procurement guidelines.

The Monitoring Officer carries overall responsibility for ensuring the lawfulness and fairness of decision-making and supporting and advising the Standards Committee. Her staff work closely with portfolios, to ensure the Council complies with its requirement to review and log all formal delegated decisions.

The Council has set out policies and procedures for people management in the managers' section of the Council's intranet. A formal staff induction process is in place that is designed to ensure that new employees are made aware of their responsibilities. The Interim Executive Director of Resources carries overall responsibility for financial issues, and his staff work closely with services to ensure that all reports are cleared for financial implications prior to submission to a Member forum.

The Council has a Risk Management Framework in place that has been agreed by Cabinet. The Council has appointed a Corporate Risk Manager who has reviewed and re configured the Council's risk management. He reports to the Audit Committee and EMT on a 6 monthly basis. All Council reports include a section dealing with risk management. The risk management framework has been significantly updated and the focus of attention is now on developing our risk management practice maturity both at an operational level and through close alignment and integration between risk and performance management processes in particular. This is to ensure that the processes used are simple and effective

and meet the requirements of the Council. Workshop training has been delivered to senior managers, and an e-training module has been developed that will be integrated into the manager learning and development curriculum.

The Council has a Standards Committee which oversees the Council's Code of Conduct for Members. The Council has a Members Code of Conduct and a procedure for dealing with complaints under the Code. Independent Persons have been appointed.

As part of the Council's commitment to the highest possible standards of openness, probity and accountability, the Council encourages employees and others with genuine concerns about any of the Council's work, to come forward and voice those concerns. A Whistle-blowing Policy is in place that is intended to encourage and enable employees to raise such concerns within the Council rather than overlooking a problem. This policy document makes it clear that employees can do so without fear of reprisals. The procedure accords with the requirements of the Public Interest Disclosure Act 1998 and is compatible with the conventions in the Human Rights Act 1998.

Reviews are undertaken on a periodic basis by Internal Audit and agencies including the Care Quality Commission (CQC) and the Office for Standards in Education (OFSTED).

4 - Ensuring the economical, effective and efficient use of resources

The Council needs to make well informed decisions through business intelligence to enable us to make changes to the right things in the right way.

The Corporate Plan 2015 – 2018 acknowledges that it's more important than ever to make the best use of public money. The Council needs to make sure we prioritise our efforts and resources for the greatest impact and plans to have an agreed, prioritised set of strategic changes that we will make, to achieve our long term goals by 2017. (2.19 – 2.23 of the Corporate Plan 2015 - 2018)

5 - The financial management of the Council

The effectiveness of the system of financial management is informed by:

- The work of Internal Audit.
- The external auditors' Annual Audit Letter and other reports.
- The role carried out by the Interim Executive Director of Resources under s151 Local Government Act 1972 responsibilities.
- The work of the Contracts Administration team in monitoring the work undertaken by Capita (the Council's contractor for financial business processes).

6 - Performance management and its reporting

The performance management regime is an integral part of the Council's business planning process. The business planning process ensures that the Council defines clear priorities and outcomes in its Corporate Plan. Members and officers allocate the Council's

resources in a way that aligns with these priorities and outcomes. Council services and commissioners then set clear objectives and targets that reflect the priorities, outcomes, and the level of resource allocated. The Council also has programme boards that commission specific projects to deliver step changes. The Council's performance reporting process ensures that managers and Members have a clear picture of how the Council is performing against the objectives and targets, and whether specific projects are on track. Risks to delivery are escalated and reviewed.

The Council has introduced an Individual Performance Review framework which requires scoring of individual staff and managers against the Council's Imperatives, which are set at Leadership, Service and Individual level. These scores will enable the Council to map performance distribution. The Imperatives were co-produced using a range of consultative techniques with staff groups in the organisation. Completed reviews will be collated by HR who will gather information which will then be used to identify and consolidate good performance and identify where there is less than optimum performance. Development interventions will be provided to support improvements, where necessary.

The Council has identified a core development programme for managers and employees to embed a consistent approach to management of resources, including its people, and to develop employee knowledge and skills across a range of subjects.

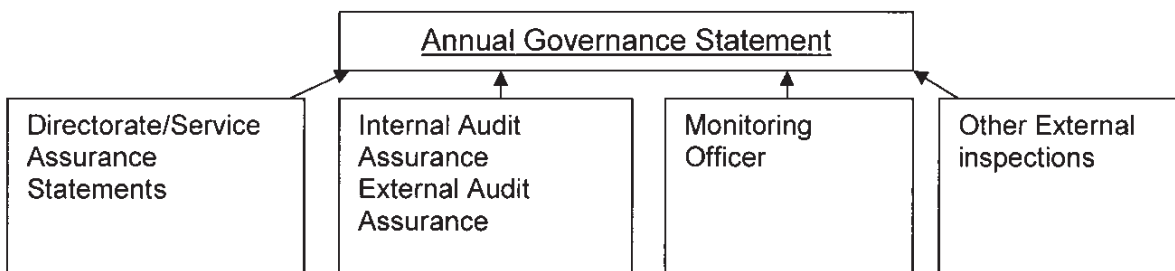
The Council also has a training programme in place, which is specifically tailored to the needs of elected Members in fulfilling their roles and responsibilities, including an induction programme for newly-elected Members.

Review of Effectiveness

Sheffield City Council has a duty to conduct at least annually a review of the effectiveness of its governance framework including the system of internal control, and to publish an Annual Governance Statement (AGS).

The review of the effectiveness of the Council's governance framework is informed by the work of the internal auditors and the senior managers within the Council. Senior officers are responsible for the development and maintenance of the internal control environment. The process is also informed by comments made by the external auditors and other review agencies and inspectorates.

The Executive Management Team (EMT) agreed a process of positive verification of the system of internal control in order to formally fulfil the requirements of the Accounts and Audit Regulations. The overall process has been summarised in the diagram below:



All service Directors have provided written assurance to the effect that they are adhering to the Council's corporate policies, for example, those relating to health and safety and personnel procedures, and are maintaining adequate control over areas of Council activity for which they have responsibility, e.g. service areas and control of specific contracts. The review of internal control has been adopted as a positive way forward. Some areas of control weakness have been identified through this process and management action to address them initiated. Items raised by managers in the previous year's process have been followed up and confirmation has been received that action has been taken to progress the issues raised.

The role of the Council's internal auditors is to provide an independent appraisal function for the review of internal control systems. Internal Audit undertakes reviews of the main financial and operational systems of the Council, based on a risk analysis of the functions undertaken by service areas. Certain aspects of key financial systems are reviewed on an annual basis. The section also undertakes fraud investigations and other ad hoc responsive investigations relating to the Council's control framework. This element of Internal Audit's work also contributes to the maintenance of a sound system of internal financial control. The section complies in all significant respects with the professional standards required of the service as defined by the Chartered Institute of Public Finance and Accountancy (CIPFA). The section also works closely with the external auditors (KPMG). The service has undertaken a programme of preventative work to mitigate the potential for fraud.

There are some areas of control weakness that have been included under the section relating to weaknesses. The Senior Finance Manager (Internal Audit) has confirmed that she is unaware of any other significant control weaknesses that have not been considered when compiling this Statement. The Audit Committee is responsible for scrutinising the work undertaken by Internal Audit.

The Monitoring Officer has responsibility to monitor and review the operation of the Constitution to ensure that the aims and principles of the Constitution are working in practice. Such a review has taken place during the year. The Director of Legal and Governance as the Council's Monitoring Officer, has not raised any issues of significance that are contrary to the findings within the statement.

The Council is responsible for setting the overall objectives of the Council and for undertaking statutory duties such as agreeing the budget and setting the level of Council Tax. In the year 2014/15 all these duties have been performed.

A significant part of SCC's risk liability is connected to its maintained schools, for example: School Finance, Health and Safety, HR, Premises Maintenance. Whilst the day to day management of these issues is delegated to School Governing Bodies and Head teachers SCC retains residual liability for maintained schools where SCC is the employer and the owner of property.

During the financial year 2014/15 the Council has been inspected by a number of external agencies and a summary of their findings is noted in the following paragraphs. The reports of external inspection agencies are scrutinised to ensure that for any issues raised, the most appropriate senior officer within the Council has been given the responsibility to implement suitable corrective action.

The Council's external auditors, KPMG, issued an unqualified opinion on 26th September 2014 regarding the Council's Accounts for 2013/14.

Individual Council services are the subject of external inspections. The following significant inspection reports were also received:

COMMUNITIES – Housing Services	SGS Customer Service Excellence assessment	Achieved full compliance
COMMUNITIES – Housing Services	ISO 18001 health and safety registration through external assessment.	Achieved
PLACE – Capita & Major Projects	ISO9001 accreditation inspection of service management system	Due March 2015 – result unknown
RESOURCES – Finance	HMRC - Compliance Checks	March 2015 –outcome not yet known
RESOURCES – Finance	KPMG – Opinion on the Statement of Accounts, and accompanying report	26/09/14 - Unqualified opinion on the 2013/14 Statement of Accounts
RESOURCES – Finance	KPMG – VFM Conclusion	26/09/14 - qualified conclusion due to concerns within Adult Social Care
RESOURCES – Customer Services	General Register Office carried out stock and security audit.	August 2014 - Recommendations from audit have been implemented.
RESOURCES – Customer Resources	SGS Customer Service Excellence	Compliance Plus – September 2014

In addition to the above, a number of schools within the city have been the subject of OFSTED inspections. The Children and Young People's Service's Advice and Inspection Service follow up on these reviews and give support to the schools.

For all of the above inspections, recommendations were made. Assurance has been received that appropriate management action is being taken.

The Council has an Audit Committee made up of 6 non-Executive elected Members. In May 2011, 2 non-voting independent co-opted members were also appointed to the Committee to bring additional experience, independence and an external view to the Committee's work.

The Audit Committee has been set up to meet best practice guidelines. Its terms of reference include the need to consider the Council's arrangements for corporate governance and any necessary actions to ensure compliance with best practice. The Committee also considers the Council's compliance with its own and other published standards. The Committee has confirmed that it has a significant overview at the highest level of the Council's systems of internal control; so that it is assured that it fulfils the requirements of "those charged with governance" under the International Auditing Standards.

The Audit Committee meets approximately six times per year and has a programme of work based on its terms of reference (covering Audit activity, the Regulatory Framework and Risk Management and the Council's Accounts) and other issues identified by the Committee during the year. This includes monitoring the financial and commercial risks of the Council's major external relationships and a process for consideration of all High Risk Audit Reports. An Annual Report on the Committee's work is also submitted to Full Council. The papers and minutes for these meetings are available on the Council's website.

Development of the Governance Framework

The Council's control framework needs to evolve to take into account the changes that are taking place across the organisation. In the forthcoming year, several initiatives have been planned which will have an impact upon the control assurance mechanisms in place:

- The current financial climate has led to significant reductions in the money available for support services such as the finance service. However, the firm foundations laid in previous years of improvements to financial systems, controls and governance mean that the Council is relatively well placed to cope with these reductions and to report effectively on the budget and savings required.
- The Council continues to monitor closely its most significant external relationships in relation to risk and governance arrangements, and are incorporated within twice yearly reports on Risk Management Updates to the Audit Committee. Ensuring that appointed Members receive appropriate officer support remains an important area of activity.

Governance Issues

In a large and complex organisation such as Sheffield City Council, there will always be opportunities to improve services. In the financial year 2014/15, recommendations have been made by Internal Audit and agreed with relevant managers to address weaknesses identified in the internal controls of financial and other systems.

As part of the 2014/15 Annual Governance Statement process, some issues have been identified that are not felt to be significant control weaknesses but still considered important to note within the Annual Governance Statement.

- **Transparency Code**

The Transparency Code 2015 was published on 27 February 2015.

We are committed to open government, and part of this process is compliance to the Government's Transparency Code.

There has been a working group to ensure compliance. We have clearly stated where we are unable to publish exactly what is required due to either not collecting the data or it not being in a format that enables publication.

Further quality assurance and work to improve the level of compliance is ongoing. The data available is available on: <https://data.sheffield.gov.uk/>

- **Reports in relation to Rotherham Metropolitan Borough Council**

Alexis Jay's Independent Inquiry into Child Sexual Exploitation in Rotherham published in August 2014, further highlighted the need to scrutinise all aspects of governance and practice in relation to Child Sexual Exploitation (CSE). In light of the Jay report findings, Sheffield City's full Council passed a motion on 3 September 2014 requesting an assessment of agencies' responses to CSE in the city. That assessment was completed in November 2014 and concluded:

Executive Summary:

An Assessment of CSE Services in Sheffield: Overview Report November 2014 - Conclusion

"CSE has a devastating impact on the lives of children and young people, together with those of their families. Working with the communities of Sheffield, Sheffield Safeguarding Children Board (SSCB) has a responsibility to ensure that they effectively handle CSE and continue to support those who have been subject to it. SSCB and partners will continue to prevent, protect, pursue and prosecute regardless of the gender or ethnicity of the perpetrator or victim. Sheffield has pioneered and commissioned services such as the Sheffield Sexual Exploitation Service (SSES), opened in 2001, and have been recognised for good practice by Ofsted and HMIC.

As a partnership, SSCB recognise that continuous learning is required to react to Sheffield's dynamic population and ever increasing evidenced based best practice in dealing with CSE. Sheffield City Councillors requested this assessment as part of their learning culture and SSCB have co-ordinated the response. Whilst recognising the strengths, SSCB and partners have already begun to address the areas for development identified in this assessment. Agencies will be working together to deliver on an action plan, whilst continuing to listen to those who have the strongest voice, that of the children and young people who have been impacted by CSE."

On the 10th September 2014, the Secretary of State appointed Louise Casey CB under section 10 of the Local Government Act 1999 to carry out an inspection of the compliance of Rotherham Metropolitan Borough Council with the requirements of Part 1 of that Act, in relation to the Council's exercise of its functions on governance, children and young people, and taxi and private hire licensing.

In undertaking the inspection, Louise Casey CB was directed to consider: In exercising its functions on governance, children and young people, and taxi and private hire licensing, whether the local authority:

- allows for adequate scrutiny by Councillors;
- covers up information, and whether 'whistle-blowers' are silenced;
- took and continues to take appropriate action against staff guilty of gross
- misconduct;
- was and continues to be subject to institutionalised political correctness,

affecting its decision-making on sensitive issues;

- undertook and continues to undertake sufficient liaisons with other agencies, particularly the police, local health partners, and the safeguarding board;
- took and continues to take sufficient steps to ensure only 'fit and proper persons' are permitted to hold a taxi licence; and
- is now taking steps to address effectively past and current weaknesses or shortcomings in the exercise of its functions, and has the capacity to continue to do so.

The report was published on 4th February 2015.

The Monitoring Officer has taken this report into consideration and in the first instance does not believe that there are any major issues of concern for Sheffield City Council. However, like all reports, we have to recognise that such a situation could happen in other places as there is nothing fundamentally unusual about Rotherham that means such a situation will always be unique to them.

The report provides an opportunity for the Council to better understand the component parts of what makes good governance, and therefore by definition the negative elements that would contribute to bad governance.

A review of Sheffield's use of Scrutiny Committees and the extent of member development will be carried out in 2015/16 to ensure learning from the key strands of good governance that are within that report.

- **Fraud Risk Management**

Whilst Fraud Risk Management has been identified as a concern for a number of service areas, this is mainly in relation to staff not undertaking appropriate fraud awareness training, or records not being available to demonstrate this.

Some services have acknowledged that their fraud risks are not assessed comprehensively and have identified weaknesses in terms of regular reporting of fraud risks to SMT's.

It should be stressed that there are no specific examples of fraud having been identified, however a lack of understanding of the risks and poor controls could create the opportunity for fraud to be committed.

To address these concerns Internal Audit are planning to refresh and re-launch the fraud e-learning module during 2015/16.

- **Information Governance**

Information Governance concerns featured on the Annual Government Statement 13/14. Some operational concerns have still been identified by Service Areas in particular in respect of Document retention and destruction policies and also secure printing given the increase in the use of open plan office spaces.

Over the last year there has been a programme of activities to support an effective Information and Governance approach across the Council. This has included 7 independent reports, including the Information Commissioner's Consensual Audit, covering areas such as statutory responsibilities, and more technical areas such as compliance to the Public Services Network (PSN). This has assisted a programme of work, which has focused more recently on areas around Data Protection, Freedom of Information and Information Security.

A key element to support this work, has been training and education which has included the re-launch of e-learning modules mandated for all staff around protecting information, as well as more focused class room based style sessions and events around best practices in information security. To support this work and in addition to the strategic Information Governance Board, an Information Governance Working Group has also been established. This group aims to support ongoing work around operational areas (in particular those detailed below) and has membership across the council.

- Document Retention & Disposal - There is ongoing work to support record retention and secure disposal. This has for example included refreshed intranet content and further guidance and training around the use of secure disposal within Moorfoot.

A refreshed retention policy and guidance is being developed and further education and training will be provided. The operational information governance working group will proactively be supporting some aspects of this work.

- Secure Printing - A pilot system change was tested last year which configured secure printing on the printer, rather than being left to the user to set up. This means that the user cannot print to a printer without setting up their own password code and therefore reduces the risks detailed in some of the Non-Compliance submissions.

This pilot was successful and as such further planning is now taking place to see how this control can be put in place across SCC.

- **Adult Social Care**

Adult Social Care has featured on the Annual Governance Statement as a significant control weakness for a number of years. The Council considers this area to have improved to the extent it no longer constitutes an area of significant control weakness, as the Council has confidence that the issues are now being addressed and associated risks are appropriately mitigated.

A Programme Board is continuing to oversee the delivery of the recovery and medium term activity including plans to ensure service users are kept independent safe and well, their unmet eligible critical and substantial needs are met in the most cost effective way, ensuring services are efficient and that staff are deployed in an effective and efficient way.

A number of interventions are well established focusing on Reviews and Reassessments, Continuing Health Care, Refining our Personalisation Offer, Direct

Payments Monitoring and Management and Adult Provider Services' Savings Plans. Guidance and regular updates are provided to staff.

The Portfolio outturn in 2014/15 was £2m over-spent which represents a significant reduction in previous levels of over spending within the Portfolio.

Actions are being taken within the Portfolio and corporately to address issues identified in relation to service planning, management information, financial management and commissioning. Actions are also being taken to ensure that better information and processes are in place, this is underpinned by a Business Intelligence project to deliver improvements in management information. The performance management framework has been reviewed and will be further improved with the implementation of the Business Intelligence project. As of the end of June the Portfolio will have a data cube in place to provide up to date management information to facilitate better performance management and operational and financial management.

- **Capital Project Management**

Capital Project Management has featured on the Annual Governance Statement as a significant control weakness in previous years. The Council considers this area to have improved to the extent it no longer constitutes an area of significant control weakness. The Council has confidence that the issues are being addressed and associated risks are appropriately mitigated.

The Capital Programme Group has led on the review of a revised Capital Gateway Approval Process which was implemented across the Capital Programme on 1st April 2015. This places a robust business case, approved by the appropriate Programme Board, at the heart of the approvals process and will improve the level of review and challenge undertaken at each stage to ensure that projects are fully assured at each Gateway before they can proceed to the next stage. This also places much greater responsibility and accountability on the roles of Project Sponsor and Project Manager, with the boards having a key role of challenge, assurance and responsibility for realising the project benefits. The process will be supported and governed by a Capital Programme Office which is being developed through a restructure of the Capital Delivery Service. EMT will continue to monitor the position through the monthly financial reporting process and the enhanced reporting from the Capital Programme Office referred to above.

There does continue to be pressure as a number of service areas still need to improve how they plan, develop and commission projects. The introduction of a programme-led structure within the Capital Delivery Service seeks to address this through having Programme Managers that will work closely with Portfolio Clients to improve the planning and commissioning of projects as well as their delivery. It is expected that individual programmes may advance at different speeds but, ultimately, all will reach a common standard and uniform approach to programme delivery and management.

- **HR People Management**

There continues to be reports from managers of inconsistent application of HR policies across the Council portfolios. Services have reported non-compliances with IPR's and workforce planning, core manager training, induction processes and potential non-compliances with sickness procedures due to insufficient recording of information.

A number of processes were reviewed in 2014/15 resulting in the following changes:

- A new corporate sickness reporting procedure was introduced and has been re-launched in April 2015. This provides managers with real time absence data so they can manage sickness more effectively. There is also an opportunity to add workflow to the system to prompt managers to enter the various associated procedures. This provides additional visibility and control for the HR service on how well the procedures are being implemented.
- Work continues in portfolios to support the Managing Absence Procedure (MAP) and remind managers of their responsibilities. In addition there are sickness absence projects in CYPF and Communities to support managers with more challenging cases.
- Occupational health has been outsourced to a specialist provider; we are now starting to see the benefits of improved advice and data in managing health issues. Prevention of sickness absence is now developing into an important area of work for the Council and this is being led via the Employee Health and well-being board who are developing a strategic approach to well-being for the workforce, this has a focus on stress management and keeping active.
- Regular reporting of sickness absence rates at EMT performance meetings, PLTs, to service management teams and to line managers. These reports set out the absence rates, trends of absence over a number of quarters, types of absence and length of absences. Managers are also alerted when staff hit trigger points. HR Business partners challenge sickness absence with PLT's and line managers to ensure that policy is followed robustly.
- Performance information is shared with managers at the quarterly Managers Events, where they are reminded of their role in relation to managing these processes.
- IPRs currently now required to be input into MyView and HR can monitor completion rates through the system to ensure all services and managers are completing IPR's for their staff consistently. There have been issues with the IPR process and the My View system, the Chief Executive commissioned the Director of HR to review both. The review has consulted with managers at focus groups and gained important insights into the process, in addition there have been changes to MyView. However MyView continues to not be fit for purpose in relation to IPR's. Therefore it is proposed to move to the use of TOTARA and learning pool for both IPRs and a learning management system which will enable managers to view and approve attendance on

courses and give better information in relation to mandatory training modules such as the Information management training.

- The introduction of an improved system to make manager compliance easier and reinforcement of management behaviours through Managers' Events and Directors' Group is anticipated to produce improved outcomes in this area.

Significant Governance Issues

It is felt that no significant control weaknesses have been identified through the Annual Governance process.

The 6 governance issues listed above constitute the areas where work continues to improve compliance with our governance controls.

Statement

We have been advised on the review of the effectiveness of the governance framework by the relevant Officers and a plan to address weaknesses and ensure continuous improvement of the system is in place. Regular updates on progress will be made available to the Council Leader.

Sheffield City Council proposes over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness. We will monitor their implementation and operation as part of our next annual review.

Signed:  Date: 8/7/15
Eugene Walker – Interim Executive Director of Resources (Section 151 Officer)

Signed:  Date: 8/7/15
John Mothersole - Chief Executive on behalf of Sheffield City Council

Signed:  Date: 8/7/15
Julie Dore - Council Leader on behalf of Sheffield City Council



Audit Committee Report

Report of: Eugene Walker

Date: 21 July 2015

Subject: 2014/15 Statement of Accounts

Author of Report: David Phillips

Summary: The purpose of this report is to provide Members of the Audit Committee with a summary of the 2014/15 Statement of Accounts and explain the core statements and a number of the key notes to the accounts.

Recommendations: The Audit Committee is asked to note the core statements and the key notes to the Statement of Accounts for 2014/15.

Background Papers: None

Category of Report: OPEN

Statutory and Council Policy Checklist

Financial Implications
NO
Legal Implications
NO
Equality of Opportunity Implications
NO
Tackling Health Inequalities Implications
NO
Human rights Implications
NO
Environmental and Sustainability implications
NO
Economic impact
NO
Community safety implications
NO
Human resources implications
NO
Property implications
NO
Area(s) affected
None
Relevant Cabinet Portfolio Leader
Ben Curran
Relevant Scrutiny Committee if decision called in
Not applicable
Is the item a matter which is reserved for approval by the City Council?
NO
Press release
NO

AUDIT COMMITTEE – 21 JULY 2015

STATEMENT OF ACCOUNTS 2014/15

Purpose of the Report

1. The purpose of this report is to provide Members of the Audit Committee with a summary of the 2014/15 Statement of Accounts and explain the core statements and a number of the key notes to the accounts. A full set of the draft accounts is now available on the Council's website. A full set of the final audited accounts will be presented to the Audit Committee on 24 September 2015.
2. This report also outlines the approval process for the statement of accounts and the Audit Committee's role in this process.

Introduction

3. The Statement of Accounts has been prepared in accordance with the IFRS-based (International Financial Reporting Standards) Code of Practice on Local Authority Accounting in the United Kingdom and the statutory Accounts and Audit Regulations. This ensures that local authorities produce their Accounts in a standard way, which facilitates comparisons.
4. The Accounts and Audit Regulations 2011 sets out the procedures for certification, approval and publication of the Statement of Accounts. The approval process is as follows:
 - 30 June 2015 – Unaudited accounts to be certified by the Executive Director of Resources.
 - July to September 2015 – The statement of accounts are subject to audit by the Authority's auditors, KPMG, and their findings will be reported to the Audit Committee in September. During this time there is a period where the public can inspect the accounts and related documents (Monday 13 July 2015 to Friday 7 August 2015).
 - No later than 30 September 2015 – Accounts to be re-certified by the Executive Director of Resources.
 - No later than 30 September 2015 – Audit Committee considers and approves the statement of accounts. Following approval, the Chair of

the Audit Committee signs and dates the Statement of Accounts.

- No later than 30 September 2015 – Publish, on the Council’s website, the audited statement of accounts together with any certificate, opinion or report issued by the auditor.

Local authority accounting

5. The presentation of local authority accounts differs greatly to that of the private sector. Many of these differences occur due to legislative requirements for local government accounts and the recognition of costs for the purposes of budgeting and calculating the council tax. These differences mainly relate to the way the Council is required to account (or budget) for capital and pension costs.
6. Local authorities account for capital in line with IFRS on the face of the Comprehensive Income and Expenditure Statement (CIES). This means including figures relating to movements in the value/cost of assets, including depreciation, revaluation, disposal and impairment. These “adjustments between accounting basis and funding basis under regulation” are shown in Note 9 to the draft accounts.
7. In terms of pension costs, local authorities are required to comply with an International Accounting Standard called IAS 19 (*Employee Benefits*), which means accounting for pension liabilities when local authorities are committed to giving them, not when they are actually paid out. This includes showing movements in the value of pension scheme assets and liabilities.
8. The Council complies with IAS 19 and recognises the Council’s share of the net liability of the South Yorkshire Pension Scheme in the balance sheet. Within the CI&ES the ‘Cost of Service’ figures have been adjusted so they represent the true costs of pensions earned. As stated above, IAS 19 does not have any effect on the calculation of the Council Tax Requirement as they are again reversed out in an adjustment between accounting basis and funding basis under regulation.
9. The report on the Council’s Revenue Outturn position at the end of the 2014/15 financial year was approved by Cabinet on 27 May 2015. This reported that there was an overall surplus on the General Fund of £648k, before movements on reserves.

10. In contrast to this, the CIES reports a deficit of £109.3m. The inclusion of items relating to capital and pensions is the major reason for this difference. The table below shows the reconciliation from the outturn position to the eventual CI&ES deficit:

	£000
Surplus on General Fund Revenue Account (per outturn report)	(648)
Net contributions to revenue reserves	(8,536)
Surplus / Deficit on Housing Revenue Account	0
Surplus on Schools Accounts	(90)
Total Contribution to Reserves	(9,274)
Removal of debt charges	(30,271)
Removal of pension contributions	(101,754)
<i>Items that do not affect Council Tax:</i>	
Inclusion of accounting charges for depreciation, impairment, holiday pay, PFI, etc.	84,825
Gains and losses on Revaluation of Non-Current Assets, Pension Assets and other items	165,806
Deficit on Income & Expenditure Statement	109,332

11. The Statement of Accounts comprise several key statements:

- Movement in Reserves Statement – **Appendix 1**
- Comprehensive Income and Expenditure Statement – **Appendix 2**
- Balance Sheet – **Appendix 3**
- Cash Flow Statement – **Appendix 4**
- Key Notes to the Core Financial Statements – **Appendix 5**
- Housing Revenue Account Income and Expenditure Account – **Appendix 6**
- Collection Fund – **Appendix 7**

Movement in Reserves – **Appendix 1**

12. This Statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves.
13. The Surplus (or Deficit) on the provision of services line shows the true economic cost of providing the authority's services, more details of which are shown in the CIES. These are different from the statutory amounts required to be charged to the General Fund Balance and Housing Revenue Account for Council Tax setting and dwellings rent setting purposes, therefore an adjustment is made to the movement in reserves statement for adjustments between accounting basis and funding basis under regulation.
14. The "Net (increase) / decrease before transfers to earmarked reserves" line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Comprehensive Income and Expenditure Statement – **Appendix 2**

15. This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation (Council Tax). As stated earlier, local authorities raise taxation to cover expenditure in accordance with regulations and this is often different from the accounting cost.
16. The presentation of the cost of services is presented using the CIPFA Service Reporting Code of Practice (SeRCOP) classification, a statutory requirement. This is so comparisons between different local authorities can be made.

Consolidated Balance Sheet – **Appendix 3**

17. The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority.
18. Reserves are reported in two categories:
 - Usable reserves - those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use;

- Unusable reserves - those that cannot be used to provide services. This category includes reserves that hold timing differences shown in the Movement in Reserves Statement line “Adjustments between accounting basis and funding basis under regulations”.

Cash Flow Statement – **Appendix 4**

19. The Cash Flow statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents.
20. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority.

Key Notes to the Accounts – **Appendix 5**

21. The notes to the accounts contain information in addition to that presented in the main statements. They provide narrative descriptions, disaggregation of items presented in the statements and further information about items in the statements.
22. Attached at Appendix 5 are some of the key notes to the accounts, including the note on Officers’ Remuneration (note 34). Full details are required for senior employees whose salary is above £50,000 per annum, and an additional summary disclosure is required of the numbers of other staff whose total remuneration (i.e. salary plus overtime and allowances etc.) is above £50,000.
23. The Council's outturn position for 2014/15 reported a net surplus of £648k overall for the general fund revenue account. The Statement of Accounts is in line with the outturn report but sets out the more detailed financial position for the Council in a format required by legislation. The following two notes show the reconciliation between the outturn position and the Statement of Accounts CI&ES:
 - *Adjustments between accounting basis and funding basis under regulations* (Note 9) – this note details how the CIES has been adjusted in accordance with accounting practice, and the resources that are specified by statutory provision as being available.

- *Amounts reported for resource allocation decisions* (Note 30) – this note reconciles the income and expenditure shown in the CIES to the budget outturn report. The note is in three parts:

Part 1 shows the income and expenditure for the Portfolios as reported in the outturn - £648k general fund surplus;

Parts 2 and 3 reconcile the £648k outturn to the two key subtotals in the CIES, by detailing the adjustments made to arrive at the £390.9m subtotal Cost of Services and subtotal for the Deficit on Provision of Services £56.5m;

There are final adjustments, detailed in separate notes, for gains and losses on revaluation of assets and pensions to arrive at the final total of £109.3m deficit on the CIES.

Housing Revenue Account (HRA) – Appendix 6

24. The HRA Income and Expenditure Statement shows the economic cost in year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants.
25. Authorities charge rents to cover expenditure in accordance with regulations, which may be different from the accounting cost.

Collection Fund – Appendix 7

26. The Collection Fund is a statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Business Rates.

Key Issues for 2014/15

Net worth

27. The Council's net worth, as shown on the Balance Sheet (**Appendix 3**), has decreased by the deficit from the CIES £109.3m (or 15%) in 2014/15; the major factors being:

- An increase in the Council's pensions' liability of £158.8m following the annual review by the actuary;
- An increase in the council's liabilities with respect to Private Finance Initiatives of £27.5m, offset by;
- A planned revenue contribution to capital from the Housing Revenue Account (HRA) of £36.4m;
- A net increase in the Council's fixed assets of £39.1m, due to revaluations.

Usable Reserves

28. As shown in the Movement in Reserves Statement (**Appendix 1**), during the year, total usable reserves increased by £45m from £212.5m to £257.5m. The key reasons for the increase in this category of reserves are as follows:
- The Major Repairs Reserve, which the Council is required to maintain explicitly for the purpose of funding capital expenditure on HRA assets, increased overall by £28m, which included a planned contribution of £36.4m in anticipation of substantial capital investment in the medium term. This strategy has been approved on an annual basis by Cabinet in the HRA business plan.
 - Earmarked General Fund Reserves increased by £9.9m during the year
 - Reserves used to fund the capital expenditure on non-HRA assets increased by £5.6m
29. The Council's usable reserves also include £11.2m of Unallocated Reserves or General Fund Balances.

Financial Implications

30. There are no direct financial implications arising from the recommendations in this report.

Equal Opportunities Implications

31. There are no specific equal opportunities implications arising from the recommendations in this report.

Property Implications

32. There are no property implications arising from the recommendations in this report.

Recommendations

33. The Audit Committee is asked to note the core statements and the key notes to the Statement of Accounts for 2014/15.

APPENDIX 1 – MOVEMENT IN RESERVES STATEMENT

2014/2015											
		General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account Balance £000	Earmarked Housing Revenue Account Reserve £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Note		25	25	25	25	25	25	25		26	
Balance at 31 March 2014		(10,816)	(86,005)	(13,043)	(1,273)	(32,988)	(43,831)	(24,494)	(212,450)	(509,356)	(721,806)
Movement in reserves during 2014/15:											
(Surplus) / deficit on provision of services	CI&ES	21,614	0	(78,088)	0	0	0	0	(56,474)	0	(56,474)
Other Comprehensive (Income) and Expenditure	CI&ES	0	0	0	0	13	0	0	13	165,793	165,806
Total Comprehensive (Income) and Expenditure		21,614	0	(78,088)	0	13	0	0	(56,461)	165,793	109,332
Adjustments between accounting basis and funding basis under regulations	9	(35,249)	0	76,718	0	(4,002)	(27,819)	1,800	11,448	(11,448)	0
Net (increase) / decrease before transfers to earmarked reserves		(13,635)	0	(1,370)	0	(3,989)	(27,819)	1,800	(45,013)	154,345	109,332
Transfers (to) / from earmarked reserves	10	13,265	(9,905)	1,572	(1,370)	0	(201)	(3,361)	0	0	0
(Increase) / decrease in year		(370)	(9,905)	202	(1,370)	(3,989)	(28,020)	(1,561)	(45,013)	154,345	109,332
Balance at 31 March 2015		(11,186)	(95,910)	(12,841)	(2,643)	(36,977)	(71,851)	(26,055)	(257,463)	(355,011)	(612,474)

APPENDIX 2 – COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

		2013/14			2014/15	
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Notes	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
<i>Continuing Operations:</i>						
210,540	(56,600)	153,940		188,868	(60,122)	128,746
489,743	(378,101)	111,642		487,506	(362,250)	125,256
78,726	(5,398)	73,328	7	58,785	(5,334)	53,451
34,818	(10,551)	24,267		36,828	(11,724)	25,104
103,976	(14,376)	89,600		92,966	(15,743)	77,223
109,801	(152,724)	(42,923)		67,854	(159,676)	(91,822)
231,506	(207,536)	23,970		212,836	(204,510)	8,326
34,055	(17,644)	16,411		30,780	(20,535)	10,245
33,297	(11,264)	22,033		20,015	(8,649)	11,366
22,170	(5,882)	16,288		48,193	(4,784)	43,409
(1)	0	(1)		0	0	0
25,996	(25,583)	413		29,431	(29,835)	(404)
1,374,627	(885,659)	488,968		1,274,062	(883,162)	390,900
Continuing Operations						
		94,148				68,467
		95,993				97,178
		(598,829)	13			(613,019)
		80,280				(56,474)
		(20,404)				(39,088)
		(111,539)				204,881
		(8,795)				13
		(140,738)				165,806
		(60,458)				109,332
Total Comprehensive (Income) and Expenditure						

* On the 1 April 2013 Public Health staff and services transferred from Primary Care Trusts (PCTs) to Local Authorities. See Note 8 for details.

APPENDIX 3 – BALANCE SHEET

As at 31 March 2014	As at 31 March 2015
£000	£000
2,336,467 Property, Plant and Equipment 62,754 Heritage Assets 1,489 Investment Properties 100,159 Long term Debtors 2,500,869 Long Term Assets	Notes 14 2,369,956 15 62,769 18 1,495 18 89,280 2,523,500
60,000 Short Term Investments 125 Inventories 83,451 Short Term Debtors 32,802 Cash and Cash Equivalents 10,856 Assets Held for Sale 187,234 Current Assets	16 45,000 157 19 103,088 16 / 20 58,722 21 29,541 236,508
(36,717) Short Term Borrowing (125,582) Short Term Creditors (38,920) Short Term Provisions (8,312) PFI / PPP Finance Lease Liability (20,702) Capital Grants Receipts In Advance (230,233) Current Liabilities	16 (12,488) 22 (141,681) 23 (24,349) 16 / 42 (11,444) 38 (23,519) (213,481)
(666,613) Long Term Borrowing (9,458) Long Term Provisions (327,293) PFI / PPP Finance Lease Liability (697,558) Net Pension Liability (21,392) Other Long Term Liabilities (13,750) Capital Grants Receipts in Advance (1,736,064) Long Term Liabilities	16 (681,517) 23 (6,900) 16 / 42 (351,668) 45 (856,407) 24 (18,619) 38 (18,942) (1,934,053)
721,806 Net Assets	612,474
(212,450) Usable Reserves (509,356) Unusable Reserves (721,806) Total Reserves	25 (257,463) 26 (355,011) (612,474)

APPENDIX 4 – CASH FLOW STATEMENT

2013/14		2014/15
£000	Notes	£000
(80,280)	Net surplus or (deficit) on the provision of services	56,474
247,840	- Adjustment to surplus or (deficit) on the provision of services for non-cash movements	100,963
(50,161)	- Adjustment for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	(81,665)
117,399	Net cash flow from operating activities	75,772
(178,504)	Investing activities	(26,479)
(14,429)	Financing activities	(23,373)
(75,534)	Net increase / (decrease) in cash and cash equivalents	25,920
108,336	Cash and cash equivalents at 1 April	32,802
32,802	Cash and cash equivalents at 31 March	58,722

APPENDIX 5 – KEY NOTES TO THE CORE FINANCIAL STATEMENTS

Note 34 – Officers’ Remuneration

Under the Accounts and Audit Regulations 2011, Local Authorities are required to disclose information on their employees’ remuneration in two sections.

The first section must contain the details of those officers defined in the Regulations as senior employees whose salary is above £50,000 per annum. Senior employees are typically categorised as statutory chief officers (i.e. Chief Executive also known as the Head of Paid Service, Director of Children’s Services, Director of Adult Social Services, Section 151 Officer, etc.) or non-statutory chief officers. The latter category typically includes those officers who report directly to the Chief Executive (excluding those whose duties are solely secretarial). In addition, those senior officers whose salary is above £150,000 are required to be named in this section.

The second section must include a disclosure of the numbers of other staff whose total remuneration (i.e. salary plus overtime and allowances, etc.) is above £50,000.

The remuneration paid to the Council’s senior employees is shown in the table below:

2014/15									
Post Holder Information	Note	Salary - including Fees and Allowances	Expenses	Remuneration excluding Pension Contributions	Total	Pension Contributions	Remuneration including Pension Contributions	Total	
Chief Executive - John Mothersole	1	184,588	0	184,588	£	35,072	£	219,660	£
Executive Director - Communities (Interim)		129,217	0	129,217	£	24,551	£	153,768	
Executive Director -Resources (Interim)		116,902	0	116,902	£	21,699	£	138,601	
Executive Director - Place		123,066	351	123,417	£	23,383	£	146,800	
Executive Director - Children Young People and Families		116,902	481	117,383	£	22,211	£	139,594	
Director of Public Health - Jeremy Wight	2	159,057	80	159,137	£	18,898	£	178,035	
Director of Policy and Performance		79,151	0	79,151	£	15,039	£	94,190	
Total		908,883	912	909,795	£	160,853	£	1,070,648	

Notes:

1 The Chief Executive put in place an arrangement in March 2013 to forgo other fees due to him regarding elections. These fees foregone amount to £14,000 per year pro rata, having the effect of reducing the net salary cost by 7.5%.

2 The Director of Public Health left his position as of 20 April 2015.

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Teachers	2013/14			Remuneration Band	2014/15		
	Other	Total	Total		Teachers	Other	Total
58	40	98	£50,000 - 54,999	60	38	98	
47	36	83	£55,000 - 59,999	42	34	76	
33	8	41	£60,000 - 64,999	32	9	41	
17	21	38	£65,000 - 69,999	20	13	33	
11	6	17	£70,000 - 74,999	13	3	16	
7	12	19	£75,000 - 79,999	5	9	14	
2	7	9	£80,000 - 84,999	2	5	7	
6	3	9	£85,000 - 89,999	4	2	6	
4	1	5	£90,000 - 94,999	2	1	3	
1	2	3	£95,000 - 99,999	0	0	0	
2	0	2	£100,000 - 104,999	0	0	0	
1	0	1	£105,000 - 109,999	2	0	2	
0	0	0	£110,000 - 114,999	1	0	1	
0	2	2	£120,000 - 124,999	0	0	0	
0	0	0	£125,000 - 129,999	1	1	2	
0	0	0	£145,000 - 149,999	0	1	1	
189	138	327	Total	184	116	300	
184	109	293	Total Excluding redundancies	184	110	294	

Note: The "other" total excluding redundancies figure for 2013/14 includes an increase of 10 staff due to the incorporation in to the Council of the Public Health function and 8 staff due to the incorporation in to the council of Sheffield Homes. If these had been excluded the figure would have been 91.

Note 9 – Adjustments Between Accounting Basis and Funding Basis Under Regulations

	General Fund Balance £000	Housing Revenue Account Balance £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Reversal of items debited or credited to the CI&ES:								
Depreciation of Non-current assets	(47,032)	0	0	(17,218)	0	(64,250)	64,250	0
Impairment losses charged to the CI&ES	0	0	0	0	0	0	0	0
Revaluation losses charged to the CI&ES	(58,225)	39,059	0	0	0	(19,166)	19,166	0
Movements in fair value of Investment Properties	6	0	0	0	0	6	(6)	0
Capital grants and contributions credited to the CI&ES	64,392	0	0	0	0	64,392	(64,392)	0
Application of grants and contributions to capital financing from the Capital Grants Unapplied Reserve	1,457	0	0	0	1,800	3,257	(3,257)	0
Revenue expenditure funded from capital under statute	(8,281)	0	0	0	0	(8,281)	8,281	0
Costs of disposal funded from capital receipts	(135)	0	135	0	0	0	0	0
Net gain / (loss) on sale of non-current assets	(64,505)	289	(15,816)	0	0	(80,032)	80,032	0
Amount by which finance costs calculated in accordance with the code are different from the amount of finance costs calculated in accordance statutory requirements	(160)	954	0	0	0	794	(794)	0
Reversal of items relating to retirement benefits debited or credited to the CI&ES	(55,722)	0	0	0	0	(55,722)	55,722	0
Amount by which Council Tax and non-domestic rates income adjustment included in the CI&ES is different from the amount taken to the General Fund in accordance with regulation	3,729	0	0	0	0	3,729	(3,729)	0

	General Fund Balance £000	Housing Revenue Account Balance £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Amount by which officer remunerations costs calculated in accordance with the code are different from the amount of costs calculated in accordance with statutory requirements	418	0	0	0	0	418	(418)	0
Insertion of items not debited or credited to the CI&ES:								
Statutory provision for repayment of debt (MRP)	30,244	0	0	0	0	30,244	(30,244)	0
Voluntary provision for repayment of debt (VMRP)	0	27	0	0	0	27	(27)	0
Revenue Contribution to Major Repairs Reserve	0	36,389	0	(36,389)	0	0	0	0
Capital expenditure charged to the General Fund and HRA	(65)	0	65	0	0	0	0	0
Transfer of Capital Receipts (<£10k) to the General Fund and HRA	(104)	0	104	0	0	0	0	0
Transfer from Capital Receipts Reserve equal to the amount payable into the Housing Capital Receipts Pool	(3,020)	0	3,020	0	0	0	0	0
Employer's contribution to pension scheme	101,754	0	0	0	0	101,754	(101,754)	0
Capital Financing:								
Use of Capital Receipts Reserve to finance new capital expenditure	0	0	8,490	0	0	8,490	(8,490)	0
Use of Major Repairs Reserve to finance new capital expenditure	0	0	0	25,788	0	25,788	(25,788)	0
Other:								
Mortgages transferred from Deferred Capital Receipts Reserve	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Total	(35,249)	76,718	(4,002)	(27,819)	1,800	11,448	(11,448)	0

Note 30 - Amounts Reported for Resource Allocation Decisions

The income and expenditure of the Council's principal portfolios recorded in the budget reports for the year ended 31 March 2015 is as follows:

	Children, Young People and Families £000	Place £000	Communities £000	Policy, Performance and Communications £000	Resources £000	Corporate £000	Total General Fund £000	Housing Revenue Account £000	Total £000
Grants	(86,349)	(21,552)	(19,687)	(4,855)	(199,069)	0	(331,512)	0	(331,512)
Other reimbursements and contributions	(1,183)	(1,687)	(11,463)	(937)	1,041	0	(14,229)	(1,037)	(15,266)
Sales	(2,820)	(1,469)	(114)	0	(66)	0	(4,469)	(2,739)	(7,208)
Fees and charges	(25,863)	(27,006)	(26,066)	(486)	(21,479)	(94)	(100,994)	(3,639)	(104,633)
Other Income	(1,447)	(7,755)	(18,183)	(1,345)	(4,161)	4,559	(28,332)	(160,237)	(188,569)
Recharges	(32,476)	(13,020)	(4,009)	(1,629)	(69,108)	(10,016)	(130,258)	(1,570)	(131,828)
Total Income	(150,138)	(72,489)	(79,522)	(9,252)	(292,842)	(5,551)	(609,794)	(169,222)	(779,016)
Employees	63,460	38,374	52,874	4,571	44,059	0	203,338	27,026	230,364
Premises	2,977	10,599	2,167	84	56,638	0	72,465	49,077	121,542
Transport	6,092	1,943	1,568	40	1,756	0	11,399	876	12,275
Supplies and services	44,690	60,722	9,242	4,112	14,442	40,127	173,335	45,118	218,453
Third party payments	59,259	114,382	161,126	870	329	0	335,966	698	336,664
Transfer payments	753	0	5,419	0	192,006	0	198,178	0	198,178
Support Services	47,498	9,863	8,024	1,034	45,180	2	111,601	14,432	126,033
Other	8	1,893	0	0	864	(499,901)	(497,136)	31,995	(465,141)
Total Expenditure	224,737	237,776	240,420	10,711	355,274	(459,772)	609,146	169,222	778,368
Net Expenditure	74,599	165,287	160,898	1,459	62,432	(465,323)	(648)	0	(648)

Reconciliation to Portfolio Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement:

This reconciliation shows how the figures in the analysis of portfolio income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

2013/14		2014/15
£000		£000
(10,960)	Net Expenditure in the Portfolio Analysis	(648)
921	Additional segments not included in the analysis	(90)
10,151	Amounts not included in the analysis but included in the CI&ES	(93,572)
488,856	Amounts included in the analysis but not included in the CI&ES	485,210
488,968	Cost of Services in the CI&ES	390,900

Reconciliation to Subjective Analysis:

This reconciliation shows how the figures in the analysis of portfolios income and expenditure relate to a subjective analysis of the (Surplus) or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2014/15

	Net Expenditure in the Portfolio Analysis	Additional segments not included in the analysis	Amounts not included in the analysis but included in the CI&ES	Amounts included in the analysis but not included in the CI&ES	Allocation of Recharges	Cost of Services in the CI&ES	Amounts reported below the net expenditure of Continuing Operation in the CI&ES	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges and other service income	(447,271)	(237,781)	12,260	0	129,161	(543,631)	(75)	(543,706)
Interest and investment income	(233)	0	0	233	0	0	(1,076)	(1,076)
Income from Council Tax	0	0	0	0	0	0	(169,704)	(169,704)
Non Domestic Rates Distribution	0	0	0	0	0	0	(100,667)	(100,667)
Government grants and contributions	(331,512)	(2,535)	(5,482)	0	0	(339,529)	(342,648)	(682,177)
Total Income	(779,016)	(240,316)	6,778	233	129,161	(883,160)	(614,170)	(1,497,330)
Employee expenses	230,364	182,478	(75,060)	0	0	337,782	0	337,782
Other service expenses	515,774	57,748	(93,690)	502,200	0	982,032	0	982,032
Support service recharge	0	0	0	0	(129,161)	(129,161)	0	(129,161)
Depreciation, amortisation, and impairment	17,218	0	66,189	0	0	83,407	0	83,407
Interest payments	14,768	0	0	(14,768)	0	0	68,492	68,492
Precepts and levies	491	0	0	(491)	0	0	491	491
Payment to housing capital receipt pool	0	0	0	0	0	0	3,020	3,020
Gain or loss on disposal of fixed assets	0	0	0	0	0	0	64,216	64,216
(Surplus) / deficit of trading undertakings or other operations	(247)	0	2,211	(1,964)	0	0	1,654	1,654
Pension interest cost, administration expenses and expected return on pension assets	0	0	0	0	0	0	28,923	28,923
Total Expenditure	778,368	240,226	(100,350)	484,977	(129,161)	1,274,060	166,796	1,440,856
(Surplus) or deficit on the provision of services	(648)	(90)	(93,572)	485,210	0	390,900	(447,374)	(56,474)

APPENDIX 6 – HOUSING REVENUE ACCOUNT

Housing Revenue Account Income and Expenditure Statement			
2013/14		Note	2014/15
£000			£000
	Expenditure:		
33,739	Repairs and maintenance		35,766
50,861	Supervision and management		50,976
951	Rents, rates, taxes and other charges		1,048
22,577	Depreciation and impairment / losses of non-current assets	8 / 9	(21,839)
241	Debt management costs		236
1,432	Movement in the allowance for Bad or Doubtful Debts		1,667
109,801	Total Expenditure		67,854
	Income:		
(141,548)	Dwelling rents	11	(148,956)
(1,544)	Non-dwelling rents - garages, garage sites, shops	11	(1,517)
(8,151)	Charges for services and facilities		(8,283)
(1,481)	Contributions towards expenditure		(920)
0	HRA subsidy receivable		0
(152,724)	Total Income		(159,676)
(42,923)	Net Income / Cost of HRA Services as included in the whole Council's Comprehensive Income and Expenditure Statement		(91,822)
430	HRA share of Corporate and Democratic Core		470
(42,493)	Net Income / Cost of HRA Services		(91,352)
	HRA share of operating income and expenditure included in the Comprehensive Income and Expenditure Account:		
(4,968)	(Gain) or loss on sale of HRA non-current assets		(289)
13,572	Interest payable and similar charges		13,786
(59)	Interest and investment income		(233)
0	Capital grants and contributions receivable		0
(33,948)	(Surplus) / Deficit for the year on HRA services		(78,088)
Movement on the Housing Revenue Account Statement			
2013/14			2014/15
£000		Note	£000
(22,528)	Balance as at 1 April		(13,043)
(33,948)	(Surplus) / Deficit on the HRA Income and Expenditure Statement		(78,088)
(8,809)	Other Comprehensive Income and Expenditure	1	0
31,774	Adjustments between accounting basis and funding basis under regulation	2	76,718
(10,983)	Net (increase) / decrease before transfers to reserves		(1,370)
20,468	Transfer to reserves	3	1,572
9,485	(Increase) / decrease in year on the HRA		202
(13,043)	Balance as at 31 March		(12,841)

APPENDIX 7 – COLLECTION FUND

2013/14				2014/15			
Non-domestic Rates £000	Council Tax £000	Total £000		Non-domestic Rates £000	Council Tax £000	Total £000	
0	(198,996)	(198,996)	Income				
			Council Tax Receivable	1	0	(202,215)	(202,215)
0	(198,996)	(198,996)			0	(202,215)	(202,215)
(215,211)	0	(215,211)	Non-domestic Rates Receivable	2	(209,795)	0	(209,795)
(15)	0	(15)	Non-domestic Transitional Payments Protection		0	0	0
(215,226)	0	(215,226)			(209,795)	0	(209,795)
(215,226)	(198,996)	(414,222)	Total Income		(209,795)	(202,215)	(412,010)
Expenditure							
Precepts and Demands:							
95,265	164,733	259,998	- Sheffield City Council	100,898	164,820	265,718	
0	18,254	18,254	- SY Police Authority	0	18,623	18,623	
1,944	8,167	10,111	- SY Fire and Rescue Authority	2,058	8,334	10,392	
97,154	0	97,154	- Central Government share of NDR	102,846	0	102,846	
194,363	191,154	385,517		205,802	191,777	397,579	
Apportionment of Previous Years Surplus:							
0	0	0	- Sheffield City Council	0	171	171	
0	0	0	- SY Police Authority	0	19	19	
0	0	0	- SY Fire and Rescue Authority	0	8	8	
0	0	0		0	198	198	
1,474	0	1,474	Non-domestic Transitional Protection Payments	1,660	0	1,660	
			Non-domestic Rates Supplement:				
			Impairment of debts:				
2,173	903	3,076	- Write Offs	1	5,838	1,617	7,455
92	7,012	7,104	- Allowance for impairment Appeals:		(2,394)	3,132	738
13,600	0	13,600	- Allowance for impairment Cost of Collection	100	0	0	100
775	0	775	Enterprise Zone Growth	778	0	0	778
0	0	0	Enterprise Zone Relief	313	0	0	313
55	0	55		55	0	0	55
212,532	199,069	411,601	Total Expenditure	212,152	196,724	408,876	
(2,694)	73	(2,621)	Movement on the Fund	2,357	(5,491)	(3,134)	
0	(2,369)	(2,369)	Opening Fund Balance	(2,694)	(2,296)	(4,990)	
(2,694)	(2,296)	(4,990)	Closing Fund Balance	(337)	(7,787)	(8,124)	

AUDIT COMMITTEE REPORT – 21 JULY 2015

CERTIFICATION OF GRANT CLAIMS AND RETURNS 2013/14 AND COMPLETED ACTION PLAN

Report of the Director, KPMG.

Recommendation

That the report is noted.

Category of Report - Open

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Eugene Walker
Executive Director of Resources
Sheffield City Council
Town Hall
Pinstone St
Sheffield
S1 2HH

Our ref

9 December 2014

Dear Eugene

Certification of claims and returns - annual report 2013/14

The Audit Commission requires its external auditors to prepare an annual report on the claims and returns it certifies for each client. This letter is our annual report for the certification work we have undertaken for 2013/14.

In 2013/14 we carried out certification work on the following claims/returns:

Claim/return	Certified value (£'000)
BEN01 – Housing Benefit subsidy claim	195,998
CFB06 – Pooling of Housing Capital Receipts	2,709
Total	198,710

Matters arising

Our certification work did not identify any issues or errors with the Pooling of Housing Capital Receipts claim, and we certified this claim unqualified without amendment.

We did however qualify the Council's Housing Benefit subsidy claim, as well as agreeing several amendments. A summary of the items included in the qualification letter (QL) or for which the claim form was amended are included below. It should be noted however that given the scale and complexity of this claim, the qualifications and amendments were for relatively

minor amounts and issues. However DWP rules require that all issues are reported or amended regardless of size.

Summary of Issue	Amount (£'000)	Response
Errors in calculation of backdated benefits	49	Not adjusted - included in QL
Very minor error in board and lodging assessments (service charges entered at incorrect rate)	< 1	Not adjusted - included in QL
Incorrect updating of prior year's rent	Underpayment see note 1	Not adjusted - included in QL
Incorrect inclusion of state benefit income in assessment	Underpayment see note 1	Not adjusted - included in QL
Incorrect tax code information used	119	Not adjusted - included in QL
Record keeping – fewer payslips retained on file than required by DWP rules	N/A	Not adjusted - included in QL
Error in the split of board and lodging benefit above and below the weekly cap	2	Claim amended
Amounts wrongly included in cell 38 (backdated expenditure)	2	Claim amended
LHA 2 bedroom rate not updated on re-assessments	4	Claim amended
Incorrect dates entered on overpayment adjustments	< 1	Claim amended

Note 1 For underpayments, under DWP instructions, we do not calculate the value of the underpayment.

Generally items are included in qualification letters, rather than the claim form being amended, if the effect of the errors found can only be extrapolated from a sample of cases tested. If the error can be determined with certainty (normally because the whole population affected can be identified and tested) the claim form is amended.

For the areas where we identified errors we recommend that the Authority and Capita ensures that these errors are communicated to staff, stressed in future staff training, and covered in quality control checks. Our specific recommendations are set out in Appendix 1.

Progress against last year's recommendations

In our 2012/13 Certification Annual Report we raised eight recommendations, seven of which related to improving the accuracy of the Council's Housing Benefits claim. Of these seven, for six we are satisfied that the Council has improved its arrangements and addressed the

recommendations. One recommendation in relation to eliminating errors on backdated assessments remains unaddressed, as we found errors in this area again in 2013/14.

In 2012/13 we commented that the Authority and Capita should improve arrangements for responding to auditor queries promptly and providing complete and robust responses to issues identified by the auditor. We found this year that the arrangements worked much better, with prompt and complete responses received. However we did note that Capita has limited capacity and resilience to support the certification of the claim, with one officer being the single point of contact and providing the responses to auditor queries. We have therefore recommended that the Authority and Capita should consider how to improve resilience and capacity.

One recommendation related to the Teachers' Pensions Returns that is no longer certified within the Commission regime, and we have not included our follow up of the Council's progress in implementing this recommendation within this report. Full details are included in Appendix 2.

Certification work fees

The Audit Commission set an indicative fee for our certification work in 2013/14 of £38,464. Our actual fee was the same as the indicative fee, and this compares to the 2012/13 fee for claims of £39,870. The indicative fee for the housing benefits claim rose from the prior year, despite the removal of council tax testing because of the need to conduct additional testing to cover the issues arising from prior year's audits.

The details are set out in the table below.

Claim	2013/14 Indicative fee (£)	2013/14 Final fee (£)	2012/13 Final fee (£)
BEN01 – Housing Benefit subsidy claim	34,001	34,001	30,060
CFB06 – Pooling of Housing Capital Receipts	4,463	4,463	3,940
National non domestic rates (no claim in 13/14)	-	-	2,180
Teacher's Pensions (claim outside the Audit Commission regime in 2013/14)	-	-	3,690
Total	38,464	38,464	39,870

Yours sincerely

Sue Sunderland
 Director



Appendix 1 – 2013/14 Certification of Claims and Returns Action Plan

Priority rating for recommendations		
<p>❶ Issues that are fundamental and material to your overall arrangements for managing grants and returns or compliance with scheme requirements. We believe that these issues might mean that you do not meet a grant scheme requirement or reduce (mitigate) a risk.</p>	<p>❷ Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p>	<p>❸ Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p>

Number	Issue	Recommendation	Priority	Comment/Responsible officer/Due date
	Housing Benefits			
1	Incorrect tax code information used in assessments	The Authority / Capita should reinforce this area when training staff, and carry out specific quality checks to reduce the number of errors.	2	
2	Errors in calculation of backdated benefits	The Authority / Capita should reinforce this area when training staff, and carry out specific quality checks to reduce the number of errors.	3	
3	The numbers of payslips retained are fewer than required by DWP	The Authority / Capita should reinforce this requirement when training staff and carry out specific quality checks to ensure sufficient payslips are being retained.	3	
4	Various other minor errors found during our testing	The Authority / Capita should note these errors.	3	
5	Limited resilience and capacity at Capita, as all our benefits testing is supported by one officer.	The Authority should discuss with Capita how resilience and capacity can be increased in future years.	3	

Appendix 2 – Follow up of 2012/13 Certification of Claims and Returns Recommendations

Number	Prior year recommendation	Priority	Status as at November 2014
	HOUSING BENEFITS		
1	The Authority/Capita should run a system enquiry to identify any discrepancies on one day Non HRA cases between benefit recorded on the Academy transactions screen and benefit on the Academy assessment line calculator.	Medium	Completed. System reports run, and we found no errors in our testing of this area in 2013/14.
2	The Authority/Capita should review the impact of the introduction of ATLAS MANAGER on the level of child tax credit and working tax credit errors.	Medium	Completed. We found no errors found in our testing of this area in 2013/14.
3	The Authority/Capita should strengthen quality review procedures to ensure that the number of overpayment misclassifications is minimised.	Medium	Completed. We found no errors when testing this area in 2013/14.
4	The Authority/Capita should review cases with subsidy entries recorded in both cell 102 and cell 103 to check correct classification.	Medium	Completed. The Authority ran an interrogation to review this area before submitting the claim form, and amended for the errors detected.
5	The Authority /Capita should identify why backdate misclassifications have occurred and take appropriate action to ensure that similar errors are avoided in future.	Low	Outstanding. Errors on backdating still occurred on the 2013/14 claim.
6	Authority/Capita to improve arrangements for responding to auditor queries promptly and providing complete and robust responses to issues identified by the auditor.	Medium	Completed. Arrangements improved for 2013/14, with responses to auditor queries being much more timely. These responses do generally still rely on one officer at Capita though, which raises issues of resilience and capacity.
7	Authority and auditors to agree list of working paper requirements before compilation of the 2013/14 subsidy claim.	Medium	Completed. Working papers were agreed, and were provided in a timely fashion.



	TEACHERS' PENSIONS		
8	The Council should obtain appropriate assurances from third party providers that the system of tiered contributions has been implemented successfully.	Medium	This claim is now outside the Audit Commission regime, so this recommendation has been followed up as part of that work, and findings will be reported to officers separately.



This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Sue Sunderland, who is the engagement leader to the Authority (telephone 0115 945 4490 e-mail sue.sunderland@kpmg.co.uk who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees (telephone 0161 236 4000, e-mail trevor.rees@kpmg.co.uk) who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to complaints@audit-commission.gsi.gov.uk. Their telephone number is 0303 444 8330.

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Appendix 3 – Agreed Action Plan

Number	Issue	Recommendation	Priority	Comment/Responsible officer/Due date
1	Incorrect tax code information used in assessments	The Authority / Capita should reinforce this area when training staff, and carry out specific quality checks to reduce the number of errors.	2	Agreed. Action completed before submission of 2014/15 claim and procedure manual has been updated.
2	Errors in calculation of backdated benefits	The Authority / Capita should reinforce this area when training staff, and carry out specific quality checks to reduce the number of errors.	3	Agreed. Action completed before submission of 2014/15 claim and procedure manual has been updated.
3	The numbers of payslips retained are fewer than required by DWP	The Authority / Capita should reinforce this area when training staff, and carry out specific quality checks to reduce the number of errors.	3	Agreed. Action completed before submission of 2014/15 claim and procedure manual has been updated.
4	Various other minor errors found during our testing	The Authority / Capita should note these errors.	3	Noted. Minor errors have been reviewed in the course of completion of the 2014/15 claim.
5	Limited resilience and capacity at Capita, as all our benefits testing is supported by one officer.	The Authority should discuss with Capita how resilience and capacity can be increased in future years.	3	Although the benefits testing is supported by one officer, resilience is provided by the fact the Capita support other sites and staff can be available to support in Sheffield where required..

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Audit Committee Report

REPORT OF Senior Finance Manager

DATE
21st July 2015

SUBJECT Progress on High Opinion Audit Reports

SUMMARY The attached is the report of the Senior Finance Manager (Internal Audit) providing an updated position on Audit Reports issued with a high opinion.

RECOMMENDATIONS Sheffield City Council Audit Committee to note the contents of the Report and agree to remove the following audits:

- Adoption Service, CYPF
- Subject Access Requests, Resources

FINANCIAL IMPLICATIONS
CLEARED BY

No
K Inman

PARAGRAPHS

BACKGROUND PAPERS

CONTACT POINT FOR ACCESS

K Inman

TEL NO.
273 4435

**CATEGORY OF
REPORT**

Open

Statutory and Council Policy Checklist

Financial implications
YES /NO Cleared by: K Inman
Legal implications
YES /NO
Equality of Opportunity implications
YES /NO
Tackling Health Inequalities implications
YES /NO
Human rights implications
YES /NO
Environmental and Sustainability implications
YES /NO
Economic impact
YES /NO
Community safety implications
YES /NO
Human resources implications
YES /NO
Property implications
YES /NO
Area(s) affected
Relevant Scrutiny Committee if decision called in
Not applicable
Is the item a matter which is reserved for approval by the City Council? YES/NO
Press release
YES /NO

REPORT TO SHEFFIELD CITY COUNCIL AUDIT COMMITTEE

21 July 2015

Internal Audit Report on Progress Against High Opinion Audit Reports.

Purpose of the Report

1. The purpose of this 'rolling' report is to present and communicate to members of the audit committee progress made against recommendations in audit reports that have been given a high opinion.

Introduction

2. An auditable area receiving a high opinion is considered by internal audit to be an area where the risk of the activity not achieving objectives is high and sufficient controls were not present at the time of the review.
3. This report provides an update to the audit committee on high opinion audit reports previously reported. Where internal audit has yet to undertake follow up work, the relevant portfolio directors were contacted and asked to provide internal audit with a response. This included indicating whether or not the recommendations agreed therein have been implemented to a satisfactory standard. Internal audit clearly specified that as part of this response, directors were to provide specific dates for implementation and that this was required by the audit committee.

This report also details those high opinion audits that internal audit plan to remove from future update reports. The audit committee is asked to support this.

FINANCIAL IMPLICATIONS

There are no direct financial implications arising from the report.

EQUAL OPPORTUNITIES IMPLICATIONS

There are no equal opportunities implications arising from the report.

RECOMMENDATIONS

1. That the audit committee notes the content of the report.
2. That the audit committee agrees to the removal of the following reports from the tracker:
 - Adoption Service
 - Subject Access Requests

Kayleigh Inman
Senior Finance Manager, Internal Audit.

**SHEFFIELD CITY COUNCIL
UPDATED POSITION ON HIGH OPINION AUDIT REPORTS AS AT 21 July 2015**

1. Outcome planning (corporate review)

As at July 2015

Internal Audit: The outcome planning review was a corporate review. The report was discussed with the chief executive as well as the appropriate senior officers. It was agreed that the report gave an accurate reflection of the current position. The recommendations were also agreed as a positive way forward. The issues raised were not confined to simple process changes and many of the recommendations required a cultural shift within the organisation. These recommendations will therefore in some instances take a longer period to fully embed. The chief executive has agreed to produce an annual report to the audit committee on the progress made in this area. This report will be timetabled into the work plan for the committee. It is therefore not proposed to report on this report in detail as part of these high opinion progress reports.

2. Transitions – governance arrangements (Communities). (Issued to the audit committee 27.04.15).

As at July 2015

Internal Audit: This report was issued to management on the 17.04.15 with the latest agreed implementation date of 30.09.15. Therefore an update will be provided in the next high opinion update report.

3. External Funding (corporate review) (Issued to the audit committee 01.06.15).

As at July 2015

Internal Audit: This report was issued to management on the 07.05.15, with the latest agreed implementation date of 30.09.15. Therefore an update will be provided in the next high opinion update report.

4. Markets Service (Place) (Issued to the audit committee 25.02.15).

As at July 2015

Internal Audit: This report was issued to management on the 16.1.15, with the latest agreed implementation date of 31.3.15. A follow up was undertaken in May 2015 and the results are reproduced below.

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position - as per Internal Audit follow up
4.1	A medium term, five year markets service plan should be developed and approved by the director of capital and major projects (CAMP) in line with the stated deadline. The plan should outline how the provision of the markets service would contribute to the council's strategic outcomes and include action plans for maximising lettings and promoting the service.	High	Head of Markets	31.03.15	<p>Action completed</p> <p><u>Management position as at 27.05.15</u> A new business plan has been written which reflects the current economic position and the future changes to the trading environment that will take place over the next 10 years. It presents a realistic financial model which should reach break-even point in Year 8.</p> <p><u>Internal Audit Comment</u> Internal audit was provided with a detailed 10 year business plan that had been submitted to Place PLT. The plan addressed all points covered in the recommendation and, subject to minor changes to the introduction, was due to be formally approved by PLT in the near future.</p>
4.2	Staff should have access to copies of the markets business continuity plan. Copies should be held in the main markets office as well as at Crystal Peaks and the Parkway Wholesale Market. Staff should be	Medium	Head of Markets	27.02.15	<p>Action outstanding</p> <p><u>Management Position as at 27.05.15</u></p>

	made aware of where these are located, their contents and intended use. In addition, nominated officers should also retain copies personally to ensure access to the plans at all times (in the event of the offices not being accessible).			Revised implementation date 30.06.15	All the business continuity plans within markets are currently going through a wholesale review. It is hoped this process will now be completed by 30.06.15 and then hard copies will be made available to relevant staff. <u>Internal Audit Comment</u> The recommendation remains outstanding pending review.
4.3	The Markets Improvement Project Board should consider the impact of the projected occupancy and rental income levels as part of the on-going business planning process. Consideration should be given to how to attract viable traders with robust business plans that provide for sustained trading and potential growth within the market. These issues should be incorporated in to the latest service business plans, currently under development.	High	Head of Markets	31.03.15	Action completed <u>Internal Audit Comment</u> The production of the business plan outlined at 4.1, above, addresses the points raised in the recommendations, opposite.
4.4	Management should liaise with Legal & Governance and consider the alternatives to the current Moor Market quarterly tenancy agreements. Options should be explored for the potential to transfer of existing and new tenants on to short term tenancies-at-will or on lease agreements equivalent to those in place at Crystal Peaks Markets (for example: in relation to all new assignments and existing traders wanting to rescind notices to quit).	High	Head of Markets	31.03.15	Action completed <u>Management Position as at 27.05.15</u> Since November 2014 no further protected tenancies have been issued and new traders have been placed on Tenancies at Will in anticipation of Legal and Governance producing a more suitable agreement that mirrors those granted to traders at the Crystal Peaks Market. Once this document has been agreed, traders on tenancies at will, will be offered these new agreements. Legal & Governance to be asked for timescale for production of new tenancy agreement.

					<u>Internal Audit Comment</u> Internal audit considers the recommendation to be implemented.
4.5	The head of markets should have robust monitoring arrangements in place to ensure that appropriate tenancy agreements are in place for all new stall holders prior to them being able to trade from those units. Traders failing to sign and return the tenancy agreements should not be given right of access. The trader currently operating without a tenancy agreement should be required to sign-up or face eviction. Traders should be required to give all required personal details as part of the application process (including proof of home address). This condition should also apply to any assignment of the tenancy agreement.	High	Head of Markets	31.03.15	Action completed <u>Management Position as at 27.05.15</u> The trader still in situ has signed a new tenancy agreement. A revised lettings procedure and supporting documentation have been introduced requiring prospective tenants to prove identity and home address. The head of markets attends the monthly staff lettings meeting and ensures fit out licences/ agreements to occupy have been raised as required. <u>Internal Audit Comment</u> Evidence of the new procedures and the use of new documentation have been provided to internal audit.
4.6	Management should directly supervise the letting of individual stalls and review proposals prior to formal tenancy agreements being entered in to. Traders should be barred from taking additional stalls where they are in arrears on existing stalls. Markets management should confirm with the ICAM team that any new traders are not existing Sheffield City Council debtors prior to entering in to any tenancy agreement. Known Council debtors should not be allocated market tenancies.	High	Head of Markets	31.03.15	Action completed <u>Management Position as at 27.05.15</u> This letting should not have taken place. The new lettings procedure covers this. Monthly meetings will now take place between the lettings officer and the head of services to discuss all new prospective lets and notices. <u>Internal Audit Comment</u> Evidence of the new procedures,

					meeting minutes and the use of new documentation have been provided to internal audit.
4.7	All traders should be required to comply with the contractual obligation to set up and make monthly rental payments through direct debit.	High	Head of Markets	31.03.15	<p>Action completed</p> <p><u>Management Position as at 27.05.15</u> All new traders are required to set up direct debit payment arrangements. Management have written to existing traders on two occasions telling them they must re-instate their direct debit which has led to just two doing so. Legal opinion is that legal action to enforce the use of direct debits would likely fail if that trader was paying by other means. A third letter is to be issued by Legal & Governance by the end of May in a further attempt to get traders to re-instate their direct debits.</p> <p><u>Internal Audit Comment</u> Internal Audit is satisfied that all reasonable action has, or is being taken to address the situation.</p>
4.8	Over and above the need to initiate immediate action for the recovery of the traders' debts (as set out elsewhere in this report), the director of capital & major projects should require the head of markets to explain why the stated policy preventing traders holding outstanding arrears from transferring to the Moor Market was disregarded, particularly as this has resulted in significant arrears being built up by those traders in the new market. Similar explanations should be sought as to why the promise of allowances on the new market was used to offset existing arrears on Castle Market.	High	Head of Markets	<p>30.01.15</p> <p>Revised implementation date 30.09.15</p>	<p>Action outstanding</p> <p><u>Management Position as at 27.05.15</u> The markets manager (City) was responsible for implementing the stated policy and as far as the head of markets was concerned this had been carried through – enabling their transfer to the Moor Market.</p>

				<p><u>Internal Audit Comment</u> Internal audit re-iterated the findings and confirmed that all stated arrears pre-dated the formal cut-off point. The head of markets was questioned on his comments. He confirmed that he was responsible for authorising all new tenancies for the opening of the Moor Market and that he was not aware at that time of any traders transferring with arrears on Castle Market. The markets manager had not brought this to his attention.</p> <p>Internal audit asked the head of markets whether he had questioned the markets manager about this following it being raised in the audit report. He confirmed that he had not.</p> <p>Arrears amassed by the eight traders in question amounted to £114,000 as at April 2015.</p> <p>Over and above this, the director of CAMP has confirmed to internal audit that he could not recall making any decision to accept traders who had serious levels of bad debt.</p> <p>Internal audit considers that the recommendation has not been implemented.</p> <p>Significant concerns remain as to why the stated policy was</p>
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					<p>disregarded and those tenants were allowed to amass further arrears in the new market.</p> <p>As a consequence internal audit further recommends that the director of CAMP should consider whether further investigation is required in to the circumstances around the waiving of the stated policy and of the failure to actively manage the debts of those traders once in situ.</p> <p>The executive director of Place agreed to the recommendation and will commission an investigation as set out above.</p> <p>To be completed by 30.09.15</p>
4.9	<p>The monthly debt recovery meetings should be re-introduced as a means of identifying and initiating recovery action against traders' arrears. Appropriate action should be taken to ensure recovery of rental and service charge arrears from traders. This includes the initiation of prompt recovery action on or after 37 days in line with the corporate recovery process. Markets management should review the arrears position of individual traders in advance of the monthly ICAM meetings to ensure that the meetings are productive and provide clear guidance and instruction on action to be taken.</p> <p>Markets management should use the notebook facility in OEO (sundry debtors) to set out any payment arrangements, meeting notes, arising from discussions with the traders as a means of enhancing communications with the ICAM team.</p> <p>Traders should be reminded of their contractual obligation under the terms of their tenancy agreements to pay rent and service charges within 1 month of them being invoiced and of the</p>	High	Head of Markets	<p>30.01.15</p> <p>Revised implementation date: 31.07.15</p>	<p>Part completed</p> <p><u>Management Position as at 27.05.15</u></p> <p>Monthly meetings with the ICAM team were reinstated in December 2014. These were subsequently stopped at the suggestion of ICAM as day to day communications with markets and the use of OEO were considered to be working well. The notebook facility on OEO is now used extensively by both markets and the ICAM team members and traders have been reminded of their obligation to pay within one month of being invoiced and the consequences of not doing so.</p>

	<p>consequences of failing to do so. Consideration should be given to the termination of tenancies where arrears remain outstanding.</p>				<p>Awaiting Legal & Governance to draft letter to tenants re arrears. There has been no review of long term arrears or of debts suitable for write-off.</p> <p><u>Internal Audit Comment</u> Arrears monitoring and debt recovery arrangements have been implemented and were accepted as working well by staff in ICAM. However, internal audit confirmed that, as at April 2015, arrears had grown from £459,000 (as reported in December 2014) to £551,000. There had been little improvement in the arrears position of the most significant debtors and analysis indicated a trend of new traders falling in to arrears since December 2014. The head of markets acknowledged that there had been no systematic review of debts to identify those suitable for write-off. Over and above this, It was confirmed that he was unaware of older debts (over 2 years old) held on obsolete business units.</p> <p>It was agreed that a review of all arrears would take place and write offs arranged by 31.07.15.</p> <p>In addition, Legal and Governance would be asked to comment on the progress and associated timescales of arrears highlighted for litigation.</p>
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					Internal audit considers that the majority of recommendations have been implemented. However, the review of long term arrears had not taken place and the service had yet to fully benefit from debt management arrangements.
4.10	Traders should be informed that failure to provide outstanding information for the calculation of fit out allowance will result in the withdrawal of that allowance. Recovery action should be initiated immediately against those traders for the net value of their rent and service charge arrears, with traders reminded that continued withholding of rent and services charges due constitutes a breach of the conditions in their tenancy agreements.	High	Head of Markets	30.01.15	Action completed <u>Management Position as at 27.05.15</u> All fit out allowances have now been resolved and as the deadline for providing the required information has now passed and no further claims for the fit out allowance will be entertained unless it can be proved categorically an error has been made. <u>Internal Audit Comment</u> Internal audit considers that the recommendations have been implemented.
4.11	Management's attention is drawn to the recommendations raised within this report for the re-establishment of debt recovery meetings, the formal monitoring of sundry debtors and initiation of prompt recovery action in line with corporate policy. In addition, consideration should be given to the re-evaluation of the stated risk pending introduction of any agreed action and consideration of escalation of the risk to Place PLT.	High	Head of Markets	31.03.15	Action outstanding <u>Management Position as at 27.05.15</u> Prompt recovery action via the ICAM team is initiated at the end of each month. The issue with debt and the overall viability of the new Moor Market has been escalated in the Place risk register to PLT level. <u>Internal Audit Comment</u> The above risk relates to

					<p>occupancy and viability of the market and not the inability to recover arrears (the risk set out in the original audit finding). Analysis indicates that arrears have increased in the period since the issue of the report (see comment at 4.9).</p> <p>Internal audit considers that the recommendation has not been implemented</p>
4.12	<p>Whilst internal audit acknowledges that the fit-out allowance was a "one-off" grant, markets management had a responsibility to ensure the best use of the Council's financial resources and should have required full and appropriate declaration of traders' fit out costs as part of the assessment process.</p>	Medium	Head of Markets	31.03.15	<p>Action completed</p> <p><u>Management Position as at 27.05.15</u> The head of markets reiterated that this was a specific policy decision taken by the director of CAMP. The grant was paid in lieu of the planned second year's discounted rent period (set at equivalent levels).</p> <p><u>Internal Audit Comment</u> Internal audit notes the comments above and considers that the recommendation has been implemented</p>
4.13	<p>As a matter of good practice, the markets service should notify ERS of any new traders involved in food preparation and retail, so ensuring their future food hygiene inspection.</p>	Medium	Head of Markets	31.01.15	<p>Action completed</p> <p><u>Management Position as at 27.05.15</u> As part of the revised lettings procedure, all new applications to sell food are referred to ERS for information, inspection and action as required.</p> <p><u>Internal Audit Comment</u> Supporting documentation</p>

					provided.
4.14	In order to adequately protect the public from the risk of injury or loss as a result of illegal trading, systematic inspection of trader's stalls should be carried out. Inspections should be arranged without the knowledge of the traders so as to maximise the benefit.	Medium	Head of Markets	31.01.15 Revised implementation date 31.07.15	Action outstanding <u>Management Position as at 27.05.15</u> Markets officers regularly make visual inspections of traders stalls in an attempt to identify if anything untoward is being sold, however from past experience is it what is being sold out of sight or 'under the counter' that causes issue and markets staff are not trained in being able to identify, counterfeit, illegal or copy goods. <u>Internal Audit Comment</u> Internal audit considered that the issue regarding systematic inspection of traders stock remained outstanding. The head of markets agreed to produce a standard operating procedure covering inspection by markets patrol staff and to arrange for Trading Standards to update and advise staff on current concerns.
4.15	Stall holders should be reminded that trading in counterfeit or contraband goods will not be tolerated and that continued illegal trading would constitute a breach of the tenancy agreement and result in expulsion from the market. Markets management should follow up with the Copyright Protection Group to determine whether action was/is to be taken against the trader. The trader in question should be subject to regular inspection to ensure that there is no further illegal trading.	Medium	Head of Markets	31.03.15	Action completed <u>Management Position as at 27.05.15</u> The Copyright Protection Group has been contacted by both letter and phone regarding the allegation of the sale of counterfeit goods by a trader in the Moor Market. To date we have had no further response

					<p>from them and we would not take any forfeiture action against any trader unless there had been a successful prosecution.</p> <p><u>Internal Audit Comment</u> Internal audit considers that the recommendation has been implemented.</p>
4.16	The Markets Improvement Project team should ensure the prompt development of a robust markets service business plan to provide the basis of both a short term response to the current trading conditions, as well as longer term plan for the on-going viability of the service. Internal audit recommends the completion and sign off of the initial business plan in line with project team deadlines of 31 March 2015.	High	Head of Markets	31.03.15	<p>Action completed</p> <p>As per 4.1</p>
4.17	<p>Markets staff should be reminded that they must not accept cheques from traders for the payment of rents and service charges, nor bank them via the markets' cash collection and banking arrangements. Traders attempting to do so should be reminded of the appropriate payment arrangements (including cross-referencing to the respective invoices). Under no circumstances should staff accept post-dated cheques. Debt recovery and payment arrangements entered in to between markets management and individual traders should be formally documented in the OEO notebook facility and discussed with the ICAM Team at the monthly debt management meetings. Markets staff should monitor on a monthly basis to ensure that traders continue to make payment in line with the agreement and initiate recovery action where traders lapse from it.</p> <p>Management should reconcile payments made by the trader in question to determine an accurate arrears position. That trader should then be placed on a formal or structured repayment schedule to address those arrears. All temporary lettings should</p>	High	Head of Markets	<p>31.01.15</p> <p>Revised implementation date 31.07.15</p>	<p>Action outstanding</p> <p><u>Management Position as at 27.05.15</u></p> <p>The acceptance of post-dated cheques has been stopped and the trader in question has been put on direct debit. A lettings process for temporary space at Crystal Peaks has been adopted in line with that in use in The Moor Market and a monthly account is now raised. Any arrangements made by the markets manager (Districts) with traders for the settlement of arrears are now documented on OEO. Staff monitor repayments and bring to management attention any deviation from those payments. This is also monitored by the ICAM team who also determine</p>

	be documented in formal temporary lettings agreements, clearly setting out the letting period and charges due. This should form the basis for the raising of the monthly accounts. Under no circumstances should informal, undocumented temporary lettings be accepted.				<p>levels and frequency of repayment in consultation with us.</p> <p><u>Internal Audit Comment</u> Internal audit considered that the majority of the recommendations had been implemented. It was noted, however, that the reconciliation of the trader's cheque payments to markets invoices was still outstanding. As such, OEO did not record the trader's true arrears position.</p> <p>Markets staff to liaise with treasury banking to link banked cheques to individual markets' invoices by 31.07.15.</p>
4.18	<p>Levels of internal check should be incorporated in to the lettings and invoicing arrangements. This could be achieved by:</p> <p>Duplicate trader information sheets being issued to the markets officer for him to check off against the monthly sundry debtors listing. Any discrepancies should then be followed up with the business support officer; or the lettings officer should control all trader information sheets issued. Business support officer should complete the trader information sheet once actioned in OEO listing customer ref no, invoice number & provide a screen shot confirming start date for periodic invoices. This should then be returned to the lettings officer (who follows up on any that are not returned).</p> <p>Over and above this, internal audit considers that it would be prudent to twice yearly verify periodic invoice details (in OEO) to tenancy records, ensuring that details are complete and accurate and that accounts have not been suspended.</p>	Medium	Head of Markets	31.03.15	<p>Action completed</p> <p><u>Management Position as at 27.05.15</u> A monthly meeting takes place with the business support officer, the lettings officer and the head of service to ensure all new traders are being invoiced from the correct date of occupation. Traders who are terminating the invoices cease on the correct date to avoid the raising of credit notes and traders are being charged for all the stalls or space they occupy.</p> <p><u>Internal Audit Comment</u> Minutes of the meetings have been provided.</p>
4.19	The head of markets should obtain assurances from James Lang Lassalles that service charges for	Medium	Head of Markets	31.03.15	Action completed

	2015/16 on the shared yard and loading bay will be based on an actual contractual cost basis rather than quarterly estimates.				<p><u>Management Position as at 27.05.15</u></p> <p>The management company has now provided confirmation of the reduction in the 2015/16 service charge to £154,000 per annum as previously agreed. The first quarterly invoice for the revised amount has been received and processed along with receipt of the 2015/16 service charge statement. However the Council will not receive a credit for the 2014/15 service charge until a reconciliation of costs is completed by the management company by the end of June 2015 (in line with Royal Institute of Chartered Surveyors' guidelines).</p> <p><u>Internal Audit Comment</u></p> <p>Internal audit considers that the recommendation has been implemented.</p>
4.20	Whilst internal audit acknowledges that the fit-out allowance was a "one-off" grant, markets management had a responsibility to ensure the best use of the Council's financial resources and should have required full and appropriate declaration of traders' fit out costs as part of the assessment process. This should have included provision of invoices in support of stated materials costs, etc.	Medium	Head of Markets	31.03.15	<p>Action completed</p> <p>As per 4.12</p>

5. Blue Badges – Assessment Process (Resources). (Issued to the audit committee 03.03.15).

As at July 2015

Internal Audit: This report was issued to management on the 12.02.15, with the latest agreed implementation date of 30.04.15. A progress update from management is reproduced below and a follow up audit is planned by Internal Audit for later in 15/16.

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position from Business Service Manager, Resources 04.06.15
5.1	Corrections to the errors currently in the policy dated August 2013 (paragraphs 8.6 & 5.6) should also be made. The blue badge policy dated August 2013 should replace the November 2011 version on the councils website.	Medium	Mark Holmes / Linda Lawson	28.02.15	Complete. Policy has been replaced on website, updated March 15.
5.2	Management should ensure that the current assessment process is documented and available to all relevant staff	High	Mark Holmes / Linda Lawson	31.03.15	Process mapping is complete. One outstanding action is to include a new matrix on those maps which will be complete by the end of June 15.
5.3	Management need to investigate viable options for the assessment process, determine the most appropriate for the applicant and council and ensure that there is sufficient training and documented guidance for the relevant staff.	Critical	Mark Holmes / Linda Lawson	28.02.15	Investigation complete. Decision taken to redesign the application process, which will incorporate a new process for discretionary applications, which designs out inconsistencies of decisions. New process will be ready for consultation with Physios end of June 15
5.4	Management should consider what information is available to assist in monitoring productivity and develop a quality check to enable meaningful feedback is provided to staff.	Medium	Mark Holmes / Linda Lawson	30.04.15 Revised implementation date 30.06.15	Part completed. Quality control framework is being developed in line with rollout of the new process – end of June 15

6. Statutory Responsibilities Health Check (Resources). (Issued to the audit committee 14.01.15).

As at July 2015

Internal Audit: This report was issued to management on the 12.01.15, with the latest agreed implementation date of 31.03.15. An update of progress to date is provided below from the interim director of Legal and Governance. A follow up will be undertaken as part of the 15/16 audit plan.

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Update provided from Gillian Duckworth, Interim Director of Legal & Governance As at 04.06.15
6.1	<p>Individual service managers should be required to carry out an annual refresh of the data bases as part of each year's AGS process. This requirement should be incorporated in to the AGS Guidance issued by the interim director of Legal & Governance.</p> <p>This will ensure that the data bases remain contemporaneous in relation to current legislation, organisational structure and the appropriate assignment of lead officer responsibilities and can be used as the basis for the corporate-based confirmation processes raised at finding 3.1 in this report.</p>	Medium	<p>Interim Director of Legal & Governance</p> <p>(Initially - with individual directors subsequently picking up responsibility for their own registers).</p>	<p>31.03.15</p> <p>Revised implementation date 30.09.15</p>	<p>As part of the 14/15 AGS Guidance Services were required to update the statutory responsibilities list on SharePoint by 31.03.15. Public Health, finance, planning and customer services appear to be the only services that have amended the list either themselves or by liaising with Legal & Governance. CYPF AGS returns confirm that the list has been reviewed by them.</p> <p>It is evident that not all necessary changes and updates have been made. This is the first year we have considered statutory responsibilities in relation to the AGS.</p> <p>Submission of an up to date statutory responsibilities register will be a requirement of the 15/16 AGS process, and failure to provide an updated register will be a considered a non-compliance.</p> <p>Legal & Governance are looking at the list again and plan to split it so that each service has its own list and they will be asked to update and expand upon it by 30.9.15 for further compliance.</p> <p>It is acknowledged that the list is historic and it would assist services if a resource could be identified to check that the</p>

					legislation is up to date. This is being investigated.
6.2	<p>The interim director of Legal & Governance should take forward the agreed actions from the deputy chief executive's original report and work with individual executive directors to ensure their implementation. In doing so, however, internal audit further recommends that guidance should be issued by the director of Legal & Governance as to:</p> <ul style="list-style-type: none"> • The levels of assurance required by portfolio management from the respective lead officers; • The consideration of statutory responsibilities as part of the service business planning process, budget setting and performance monitoring procedures across all portfolios; • The systematic risk review of all statutory responsibilities to determine the potential impacts of non-compliance (particularly where statutory responsibilities are delivered externally to the service) and their inclusion on service risk management plans where considered significant. Consideration should then be given to the escalation of significant risks as and where necessary. 	High	Interim Director of Legal & Governance	31.03.15 Revised implementation date 30.09.15	<p>Action at 6.1 above completed.</p> <p>This is the next stage of the process to ensure assurance and maintenance of SR register for each service.</p> <p>To be prioritised after AGS 14/15 finalised.</p> <p>Resources to be identified to ensure legislation up to date. Plan to have in place and guidance issued by 30.09.15</p>
6.3	Internal Audit recommends that the interim director of Legal & Governance puts in place arrangements for portfolios to undertake an annual review of compliance with statutory responsibilities and its incorporation in to the existing AGS schedule as a means of stream lining the process and providing cohesive coverage. Further recommendations relating to how the two processes may be combined are made at 6.8	Medium	Interim Director of Legal & Governance	31.03.15	Completed
6.4	Up to date and accurate registers of statutory responsibility should be maintained at portfolio and service level ensuring that all relevant responsibilities have been identified and assigned. These should then be used as the foundation for monitoring compliance. The registers should be updated to account for new	High	All Executive Directors Initial agreement with Interim Director of Legal & Governance with	31.03.15 Revised implementation	Part of process outlined at 6.2 further progress expected by 30.9.15

	legislation and be reviewed on an annual basis to ensure that they remain up to date (ideally in conjunction with the service business planning process).		individual directors subsequently picking up responsibility for their own registers.	date 30.09.15	
6.5	<p>Corporate service business planning guidance should be revised so as to explicitly require business plans to outline the range of statutory responsibilities anticipated to impact on resource allocation, as well as the actual allocation of resources in ensuring compliance.</p> <p>Business plans should be used to set out management's strategies in addressing its statutory responsibilities including the risks and impact of planned partial or non-compliance.</p> <p>Directors should ensure that all statutory responsibilities have been accounted for before signing-off individual business plans (with reference to the registers of statutory responsibility set out at 6.4</p>	High	Director of Policy, Performance and Communications	31.03.15	<p>Director of Policy, Performance and Communications response as at 09.04.15</p> <p>Action completed - as statutory responsibilities are included in the service planning guidance, which will be issued shortly.</p>
6.6	Having established registers of statutory responsibility, directors should ensure that these are considered as part of the monthly governance arrangements. Compliance with statutory responsibilities should be incorporated in to the framework of governance meetings covering service managers, heads of service and their respective directors	High	All executive directors	<p>31.03.15</p> <p>Revised implementation date 30.09.15</p>	To form part of guidance to be issued by 30.9.15 detailed at 6.2 above.
6.7	<p>All portfolios and services should monitor compliance with statutory responsibilities in the context of staff changes and reduced funding levels. This should incorporate:</p> <ul style="list-style-type: none"> As part of the annual service business planning process, identifying the service costs required to ensure compliance; The consideration of alternative strategies for delivering compliance; The use of appropriate performance indicators 	High	All executive directors	<p>31.03.15</p> <p>Revised implementation date 30.09.15</p>	Information to be included in guidance to be issued by 30.9.15

	<p>where applicable to aid monitoring; &</p> <ul style="list-style-type: none"> Incorporation of compliance monitoring in to the monthly governance framework; <p>Over and above this, executive directors should report to EMT annually at the culmination of the service business planning process, setting out the impact of reduced resources on compliance with statutory responsibilities.</p>				
6.8	<p>Guidance for the completion of the 2014/15 AGS should be more explicit in requiring service managers to declare all issues of non-compliance with statutory responsibilities.</p> <p>Service managers should be required to include in the declaration details of any risk/impact assessment and mitigation strategies as a means of evaluating the significance of the non-compliance. This is particularly pertinent where the AGS is to be used as the platform for the annual monitoring of compliance with statutory responsibilities.</p> <p>The AGS guidance package should require the submission of registers of statutory responsibility to the director of Legal & Governance. These should be signed-off where appropriate by the relevant service manager and director as formal confirmation of compliance, or cross-reference to the appropriate declaration in the service AGS.</p> <p>This will enable the director of Legal & Governance to provide EMT with an annual report on compliance with statutory responsibilities when reporting on AGS.</p>	High	Interim Director of Legal & Governance	<p>31.03.15</p> <p>Revised implementation date part 30.09.15 and fully 31.03.16</p>	<p>For the 14/15 AGS process the existing register was placed on SharePoint and services were asked to update it - Including column headed 'Not fully compliant – explain'. As detailed above at 6.1 the register was not updated by all services.</p> <p>Some AGS non compliances (e.g. No.22) have been declared as a result of reviewing the register.</p> <p>This high opinion audit was finalised at the end of December 2014 and preparation for the AGS process 14/15 was well underway. This is the first year we have sought to combine consideration of statutory responsibilities within the AGS process. It was understood that updating the existing corporate register would only provide partial compliance with the recommendations but it was considered to be a significant undertaking to expect services to be in a position to submit their own up to date registers by 31.3.15.</p> <p>The work done as part of the 14/15 AGS process will be used to inform the ongoing work and guidance planned to improve statutory responsibilities monitoring over this financial year with a view to being fully compliant with these recommendations by</p>

					<p>31.3.16</p> <p>Services will be chased with a specific list of responsibilities for their areas and asked to again update and expand on them by 30.09.15. This work will ensure that each service has their own register to maintain and will submit as part of their 15/16 AGS submission.</p>
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7. Waste Management Contract (Place). (Issued to the audit committee 15.08.14).

As at January 2015
Internal Audit: This report was issued to management on the 04.06.14, with the latest agreed implementation date of 31.03.15. Therefore an update will be provided in the next high opinion update report.
As at July 2015
Internal Audit undertook a follow up review in February 2015, the results are reproduced below

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position - as per Internal Audit follow up
7.1	<p>Management should give consideration to the need to incorporating missed service performance indicators and delayed development activities (such as those raised under this risk heading) on to the service risk register as on-going issues.</p> <p>The waste management team and the contractor should continue to develop, implement and monitor strategies to promote the achievement of NI 192.</p> <p>The draft waste management strategy should be submitted for approval to PLT, EMT and Cabinet.</p>	Medium	Head of Waste Management	30.09.14	<p>Action completed.</p> <p>Internal audit reviewed supporting documentation.</p>
7.2	<p>Management should monitor the situation to ensure that the financial records are provided by the deadline date and in the prescribed format, so as to enable their review by the project finance team.</p> <p>Management should work towards the resolution of the contractual disputes and the identification of the business improvement plan savings.</p>	Critical	Head of Waste Management & Senior Commercial Manager	<p>31.12.14</p> <p>Revised implementation date 31.08.15</p>	<p>Part completed</p> <p>The initial recommendation has been implemented whilst the discussion of contractual issues remains on-going.</p>
7.3	<p>Both partners should consider all options in relation to lifecycle maintenance accounts. The assistant director of finance (project & commercial) should be included in any discussions and consulted on the decisions taken regarding these funds. Any decisions taken should be formally documented and ratified by both parties.</p>	High	Head of Waste Management & Senior Commercial Manager	<p>31.03.15</p> <p>Revised implementation date 30.04.15</p>	<p>Action outstanding</p> <p>From the management response received this issue was still outstanding at the time of the follow up work.</p>

7.4	Management should work towards the resolution of the outstanding contractual disputes with the contractor. Deadlines should be set to provide structure and the means of measuring progress towards resolution	Critical	Head of Waste Management	31.12.14 Revised implementation date 31.08.15	Action outstanding From the management response received this issue was still outstanding at the time of the follow up work.
7.5	The results of the latest Veolia customer services questionnaire should be reviewed by Client management and discussed within the contract governance structure to determine implications on contractual performance and in terms of on-going strategic business planning.	Medium	Head of Waste Management	31.12.14	Action completed Management have provided evidence in support of the completion of the agreed action.

8. Adoption Service (CYPF). (Issued to the audit committee 18.07.14).

As at January 2015
Internal Audit: This report was issued to management on the 08.07.14, with the latest agreed implementation date of 31.12.14. Therefore an update will be provided in the next high opinion update report.
As at July 2015
Internal Audit undertook a follow up review in February 2015 and the results are reproduced below

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position - as per Internal Audit follow up February 2015.
8.1	Action plans should be produced and implementation dates assigned to assist the monitoring and review process. Once this action plan has been agreed and completed, a copy of the plan should be sent to internal audit	High	Director, Children and Families	31.12.14 Revised implementation date 31.03.15	Action completed Comments from Suzanne Whiteley – Fostering & Adoption Service Manager: An action plan has been produced and implementation dates have been assigned to assist in the monitoring and review process. Regionally and nationally there continue to be insufficient numbers of adopters. The dataset for 2013/14 figures demonstrate that 25/29 families were processed within 9 months from the date of their application/ Registration of Interest and the date of the approval decision. Audit Comment: The action plan and dataset figures for 2013/14 were provided to internal audit.
8.2	All adjustment payments for 2013/14 should be checked to the payment runs to identify any further duplicate payments. Although this may not be the	High	Business Support Manager,	31.12.14	Action completed Comments from Julie Gagen -

	only reason for duplicate payments, it is a good starting point to go forward with.		Managing Asylum Grant & CCSS, Children and Families.	Revised implementation date 30.06.15	<p>Business Support Manager (Managing Asylum Grant & CCSS (Children & Families - CYPF)):</p> <p>There is no report available to validate the information for audits of adoption allowances. This is due to adoption allowance payments being means tested; therefore there is no uniformity of payments.</p> <p>The CCSS team and finance complete the following adoption allowance payment checks:</p> <ul style="list-style-type: none"> • Each payment transaction is scrutinised at authorisation stage. • When payment batches are released, any queries relating to them are investigated prior to the payment being made. • Every single remittance slip is scrutinised on a fortnightly basis (every payment run) by CCSS and finance. <p><i>Audit Comment:</i> No evidence was provided to support the statement, but the business support manager, CCSS team, confirmed that these checks are physically made on an ongoing basis as the payment runs are made, so there is no written evidence available.</p>
8.3	Guidance should be produced, which sets out the actions that should be undertaken by CYPF payment process team is they identify a duplicate payment	Medium	Business Support Managers – Adoption and Fostering and	31.07.14	<p>Action completed</p> <p>Comments from Dee Dunseath - Business Support Manager (Adoption & Fostering Services</p>

			Children and Families.		(Children & Families - CYPF)): An overpayments/ duplicate payments procedure has been produced by the adoption & fostering business support managers, and has been communicated to the CCSS team. <i>Audit Comment:</i> The process for overpayment/ duplicate payments of adoption allowances and fees was provided to internal audit. This was considered adequate.
8.4	A service offer letter should be produced to establish the clear roles and responsibilities between finance business partner and CYPF	Medium	Business Support Managers – Adoption and Fostering and Children and Families.	31.08.14 Revised implementation date 31.03.15	Action outstanding Comments from Paul Schofield - Assistant Director of Finance at the Finance Managers meeting on the 25 th February 2015: An SLA between the finance Service and CYPF is currently at draft. The specifications of the SLA will set out the service provision offered by the finance service to CYPF and the obligations of the client, i.e. CYPF. <i>Audit Comment:</i> The current draft SLA has been provided and reviewed by internal audit. Pending finalisation, issue and certification by all parties.
8.5	Allowance fees should be formally reviewed and authorised annually by the fostering and adoption service manager	High	Fostering and Adoption Service Manager	31.05.14	Action completed Comments from Suzanne Whiteley – Fostering & Adoption

					<p>Service Manager: As agreed at the time of the audit, allowance fees will continue to be informally reviewed on an annual basis.</p> <p>Audit Comment: Recently reviewed allowances were provided to internal audit.</p>
8.6	A formal process should be developed/ updated and documented that outlines the steps to be taken when payments are to be made to the adoptive parents, for their adoption allowance. This could form part of a suite of formal procedure notes that should be developed and documented within the adoption service	Medium	Business Support Manager – Adoption and Fostering, Children and Families.	31.12.14 Revised implementation date 30.06.15	<p>Action completed</p> <p><i>Comments from Dee Dunseath - Business Support Manager (Adoption & Fostering Services (Children & Families - CYPF)):</i></p> <p>This is currently ongoing. A review of the procedure notes is currently being undertaken, and has so far, identified that they are fit for purpose, and they currently work for staff that do the work and are Carefirst trained.</p> <p>The procedures may need to be changed and amended in future, as a result of changes to allowance or child benefit rates that may happen.</p> <p><i>Audit Comment:</i> Recently reviewed procedures were provided to internal audit.</p>

Internal audit propose removing this from the tracker

9. School Attendance - Multi Agency Support Teams (MAST) (CYPF). (Issued to the audit committee 22.08.14).

As at January 2015
Internal Audit: This report was issued to management on the 11.08.14, with the latest agreed implementation date of 31.12.14.
As at July 2015
Internal Audit undertook a follow up review in March 2015, the results are reproduced below. As a consequence of this, Internal Audit is now revising the follow-up approach and will undertake visits to a sample of schools from the original themed review (for high opinion audits). Compliance with the recommendations will be tested as part of this process. Existing mechanisms such as the City Wide Learning Body, Schools Forum and the Chair of Governors will also be utilised to stress the importance of engagement with internal audit and adherence to agreed recommendations.

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position - as per Internal Audit follow up in March 2015.
9.1	In line with the good practice guidance stated within the attendance strategy, dated Jan 2013. Every school should have a designated member from SMT as an attendance lead and a member of the governing body who takes responsibility for attendance, and who is willing to play an active role in the improvement of attendance at the school	Medium	Head Teacher or Business Manager at each school sampled	31.12.14 Revised implementation date: 31.05.15	Action Outstanding <u>Audit Comment:</u> 5 schools were contacted for a response: <ul style="list-style-type: none"> • 1 school provided assurance that the recommendation had been implemented. • 1 school is actioning the recommendation. • 3 schools did not provide any assurance that the recommendation had been implemented. No evidence was provided to support the statements.
9.2	Good governance should be adopted within all schools, with clear in depth reports on attendance being presented to the schools SMT, the governing body and the attendance team. The MAST should also have a follow up process in place for 'missing' reports.	Efficiency/ Effectiveness	Head Teacher or Business Manager at each school sampled	31.12.14 Revised implementation date: 31.05.15	Action Outstanding <u>Audit Comment:</u> Only 6/12 schools provided a response to internal audit stating this recommendation has been actioned. Please note: The 2 nd

					part of this recommendation - relating to MAST was not followed up as it wasn't agreed.
9.3	All meetings that discuss attendance should be formalised, recorded in the form of meeting minutes and then retained for inspection. This will further strengthen the governance around attendance within school.	Medium	Head Teacher or Business Manager at each school sampled	31.12.14 Revised implementation date: 31.05.15	Action Outstanding <u>Audit Comment:</u> See response at 9.2.
9.4	Class attendance figures should be highlighted to all staff, via a weekly email, which highlights the week's attendance and compares this to the previous academic year's attendance at that stage of the year	Efficiency/ Effectiveness	Head Teacher or Business Manager at each school sampled	31.12.14 Revised implementation date: 31.05.15	Action Outstanding <u>Audit Comment:</u> See response at 9.2.
9.5	The school attendance strategy states that every school should have policies and procedures designed to ensure that all its pupils attend regularly. Schools should be reminded of this requirement. In line with good practice, the policy should be endorsed and monitored by the school's governing body. Publication of the policy may also help parental engagement.	High	Head Teacher or Business Manager at each school sampled	31.12.14 Revised implementation date: 31.05.15	Action Outstanding <u>Audit Comment:</u> 10 schools were contacted for a response: • 4 schools provided assurance that the recommendation had been implemented. • 2 schools are actioning the recommendation. • 4 schools did not provide any assurance that the recommendation had been implemented. No evidence was provided to support the statements.
9.6	Schools should ensure they have robust, documented continuity arrangements in place regarding first day calling, in the absence of the officer who normally undertakes this role	Efficiency/ Effectiveness	Head Teacher or Business Manager at each school sampled	31.12.14 Revised implementation date: 31.05.15	Action Outstanding <u>Audit Comment:</u> 11 schools were contacted for a response: • 6 schools provided assurance that the recommendation had been implemented. • 5 schools did not provide any assurance that the

					<p>recommendation had been implemented.</p> <p>No evidence was provided to support the statements.</p>
9.7	All schools should have an up-to-date term time holiday leave policy that follows guidance produced by MAST or include as part of the school attendance policy. This policy should be ratified by the school's governors, cascaded throughout the school and made available on the schools website, i.e. for parents to view.	High	Head Teacher or Business Manager at each school sampled	<p>31.12.14</p> <p>Revised implementation date: 31.05.15</p>	<p>Action Outstanding</p> <p><u>Audit Comment:</u> 9 schools were contacted for a response: • 5 schools provided assurance that the recommendation had been implemented. • 4 schools did not provide any assurance that the recommendation had been implemented.</p> <p>No evidence was provided to support the statements.</p>
9.8	A consistent approach across all schools is required. MAST need to review the guidance in relation to the term time holiday process, ensuring no ambiguity, and that guidance is not open to interpretation by schools	High	Assistant Service Manager	<p>31.12.14</p> <p>Revised implementation date: 25/02/2015</p>	<p>Action Outstanding</p> <p><i>Comments from Marie McGreavy – Assistant Service Manager:</i></p> <p>Date set (25/02/2015) to revise the term time leave Code of Conduct in collaboration with schools.</p> <p><u>Audit Comment:</u> Comments were provided on the 17th February 2015. No evidence was provided to support the statement.</p>
9.9	Targets should be set by the schools for both 'attendance overall' and 'persistent absences', and there should be regular monitoring/ reporting of both of these targets by individual schools and the city area. Intervention work and resources should	Medium	Head Teacher or Business Manager at each school sampled &	31.12.14	<p>Action Completed.</p> <p><i>Comments from Marie McGreavy – Assistant Service Manager:</i></p>

	be allocated to the areas of greatest need and particularly focused on areas with higher than average 'persistent absence rates' as these are areas that could have a greater impact on attainment results.		Assistant Service Manager		<p>Schools are no longer required to set targets for attendance. However targets are set for the city which is reviewed annually.</p> <p>Resources have been targeted on:</p> <ul style="list-style-type: none"> • The schools with the highest % of persistent absences requiring support. • Individual students with high levels of persistent absences. <p><u>Audit Comment:</u> No evidence was provided to support the statement.</p>
9.10	In addition, a checklist should be produced for schools to follow in relation to the key roles and duties regarding the attendance strategy, term time holiday leave policy, etc. It is recommended that this checklist is put on Schoolpoint. Finally, the areas of weakness identified within this report should be checked to the areas covered during a routine MAST "audit" to ensure adequate and full coverage.	Medium	Assistant Service Manager	<p>31.12.14</p> <p>Revised implementation date: 31.05.15</p>	<p>Action Outstanding</p> <p><i>Comments from Marie McGreavy – Assistant Service Manager:</i></p> <p>The attendance strategy and code of conduct is being reviewed in collaboration with schools. These documents are the guidance documents for schools and workers.</p> <p><u>Audit Comment:</u> No evidence was provided to support the statement.</p>
9.11	A formal attendance strategy group should be established now the attendance strategy has been in place since January 2013. The attendance strategy group meetings should also be minuted and one of its first tasks should be to carry out a review of the attendance strategy, which should then be reviewed and updated annually.	Medium	Service Manager	<p>30.09.14</p> <p>Revised implementation date:</p>	<p>Outstanding</p> <p><i>Comments from Diane Dewick - Service Manager:</i></p> <p>The behaviour & attendance groups have been disbanded. A new group will be established following the review of the attendance strategy and code of</p>

				31.05.15	conduct. <u>Audit Comment:</u> No evidence was provided to support the statement.
9.14	If parenting contracts and parenting orders are not issued in Sheffield then this should be reflected in the attendance guidance, policy and reports that SCC issue. Alternatively if these powers are to be utilised, MAST need to ensure all relevant parties understand the purpose/ use of parenting contracts and orders, and when/ how these maybe issued.	High	Assistant Service Manager	31.03.15	Action Completed <i>Comments from Marie McGreavy – Assistant Service Manager:</i> A review of the legal powers available is currently under review. School attendance orders have been introduced with the first 27 currently going through the process. The first education supervision order is being piloted. <u>Audit Comment:</u> No evidence was provided to support the statement.

10. Subject Access Requirements (Resources). (Issued to the audit committee 17.07.14).

As at January 2015
Internal Audit: This report was issued to management on the 19.06.14, with the latest agreed implementation date of 30.12.14. Therefore an update will be provided in the next high opinion update report.
As at March 2015
Internal Audit undertook a follow up audit in December 2014, and the results are reproduced below.

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position - as per Internal Audit follow up
10.1	It is recommended that all relevant policy documentation and information is fully reviewed to ensure that it is fit for purpose. Recommendations in this report relate to a move to a corporate approach to handling and responding to SARs. If this approach is adopted, policy documentation will need to be reviewed and updated.	High	Head of Information Knowledge Management	30.09.14	Action Completed A series of documents have been produced to support a Council wide process. On 1 st December 2014 a new Council wide process went live. Intranet guidance available.
10.2	In the internal audit of freedom of information (FOI) arrangements, reported October 2013, a new model was proposed whereby a central point would be established and be responsible for the customer facing interfaces within the process - receiving the requests, acknowledging requests, allocating requests to portfolios and monitoring and reporting on the progress of requests. It is recommended that this model now be considered for handling all subject access requests.	High	Head of Information Knowledge Management	30.09.14	Action Completed As above
10.3	If it is decided that SARs will be received in to the Council at one central point, it would be practical to use one IT solution to record and track these requests as per ICO guidance. This will also ensure that the quality of the information recorded is maintained at an acceptable level. When the	High	Head of Information Knowledge Management	30.09.14	Action Completed A Sharepoint tracker for SAR has been established to log all requests and help monitor when these have been completed. A

	Freedom of Information Arrangements internal audit was completed (reported October 2013), it was proposed by management that Lagan will be used to record and track FOI requests. The use of Lagan should now be considered for recording and tracking subject access requests also. If deemed appropriate, this should be implemented or a more suitable alternative as agreed by management.				mailbox has also been set up.
10.4	SAR compliance should now be reported to the Information Governance Board - as is already the case with FOI requests. Volumes of subject access requests should be measured, compliance monitored and performance highlighted to the Information Governance Board	High	Lead Information Manager	31.07.14	Action Completed
10.5	It is recommended that a small sample of subject access request responses are reviewed on a quarterly basis for compliance with the law and uniformity of approach. The results of this work and any issues identified should be reported to the Information Governance Board.	High	Lead Information Manager	31.12.14	Action Completed
10.6	It is inappropriate to continue this inconsistent approach to charging for SARs. From research undertaken, it is common for Councils to charge an upfront fee of £10 when a request is made to access personal information. A decision needs to be taken on what the Council's policy will be in relation to charging for SARs. This should then be applied across the Council. It would seem appropriate to apply a £10 charge. If a standard cost centre is used for the receipt of income, this could aid the monitoring process.	High	Lead Information Manager	30.06.14	Action Completed
10.7	Once a decision is taken on an agreed council process for responding to SAR requests, key staff to be involved in this process should be established and this should be formally documented. If the proposed FOI model is adopted, a central point will assume a co-ordinating role and portfolio representatives would respond to the actual request, proving all relevant information for the request to be answered appropriately. In the case of SARs, the service area	High	Head of Information Knowledge and Management	30.09.14	Action Completed

	would be responsible for redaction. It may be decided that once the SAR is received, the Service receiving the SAR from the central point should take full responsibility for the request and respond directly to the individual requesting the information. Again, this needs to be fully established and agreed by management. The process for handling complex cases, where information is required from a number of sources across the Council, should also be clearly established and documented. This will ensure that the response is co-ordinated and responded to effectively.				
10.8	A form should now be made available on the Council's internet for members of the public to complete when they wish to make a SAR to the Council. This should be produced in line with the ICO guidance detailed.	Critical	Lead Information Management Officer	30.06.14	Action Completed
10.9	There should be clear guidance on the Council's intranet on what SARs are and how you deal with these if you receive one or have a query about a request. This guidance will obviously need to be produced in line with any changes agreed to the process by management. The guidance should be promoted across the Council and should be specifically targeted where required; for example, the contact centre.	High	Lead Information Management Officer	30.07.14	Action Completed
10.10	Although training on the Data Protection Act is available to all staff via an e-learning tool, the issues raised by staff as part of this review highlight that further support and guidance is necessary. It was previously recommended that guidance should be made available to staff on what to do if a request is received. Clear guidance should also be made available to staff on how to handle a subject access request should they need to do so. This should cover the legal requirements that must be complied with and any appropriate templates to be used in responses etc. Guidance should also clearly highlight who staff can contact in the event of a query or for further guidance. As noted in previous	High	Lead Information Management Officer	30.09.14	Action Completed

	recommendations, any guidance will be influenced by any changes to the proposed method of dealing with subject access requests across the Council. Wider awareness should also be raised across the Council on complying with SARs. This should reinforce the need to comply with SARs, identify the statutory timescales involved etc. The need for specific training for key members of staff/operational staff who deal with this process should also be evaluated and implemented if deemed appropriate.				
10.11	In the event that requesters are dissatisfied with the initial response to a SAR, arrangements should be put in place for a senior manager to review these cases.	High	Lead Information Management Officer	31.07.14	Action Completed
10.12	It is likely that a change in SCC processes, in line with the recommendations made, would result in greater efficiency and effectiveness in the SAR process. This could potentially prevent ICO involvement in the future. Management should now ensure that ICO contact with the Council, in relation to the handling of SARs, is comprehensively recorded. The lessons learnt from ICO contact should be built in to the planned changes for the SAR process.	High	Lead Information Management Officer	31.12.14	Action Completed ICO update is a standing agenda item on the Information Governance Working Group meetings.

Internal audit propose removing this audit from the tracker.

11. Short Term Intervention Team (STIT) (Communities). (Issued to the Audit Committee 17.07.14).

As at January 2015

Internal Audit: This report was issued to management on the 14.07.14 with the latest agreed implementation date of 31.03.15. Therefore an update will be provided in the next high opinion update report.

As at July 2015

Internal Audit undertook a follow up audit in May 2015, and it was found that a number of recommendations had not been completed. The implementation of the better care fund (BCF) throughout 2015/16 will see Communities working with health even more closely to deliver social care services. Underpinning this developing relationship needs to be strong strategic and operational plans for each strand/service that adult social care is tasked with managing, which at the time of the initial audit and the follow up was still not in place. Please see the table below for further details.

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position
11.1	Arrangements should be clearly defined to ensure that the objectives for the active recovery (AR) function are formally established and periodically reviewed to ensure that it continues to reflect the ambitions of Right First Time, the local authority and Health	High	Head of Care & Support & Senior Service Manager	31.03.15 Revised implementation date: 30.09.15	Action outstanding Internal audit were provided with evidence that demonstrated a vision for AR, a governance structure, and operational management controls in place. However there was no single, formalised strategic document to govern the AR function. This needs to be achieved as part of the implementation of the BCF intermediate care workstream.
11.2	A formal operational plan should be defined and set in place that documents how management will manage active recovery.	High	Head of Care & Support & Senior Service Manager	30.06.14 Revised implementation date 30.09.15	Action outstanding Management stated that AR consisted of 2 organisations that each had clear operational plans

					<p>that contained agreed service levels, and performance targets. Management of these is via the operational management group (OMG) and via Right First Time.</p> <p><u>Internal Audit opinion</u> No single operational plan was in place, as originally envisaged, for the delivery of AR.</p> <p>This needs to be achieved as part of the BCF intermediate care workstream.</p>
11.3	<p>Management should ensure that:</p> <ul style="list-style-type: none"> - the service delivery expectations from both SCC and Health should be formally defined and agreed (including the basis/criteria for Health's funding of STIT); - formal targets, monitoring and reporting arrangements should be formally defined and implemented as soon as possible 	Critical	Head of Care & Support & Senior Service Manager	<p>30.06.14</p> <p>Revised implementation date: 30.09.15</p>	<p>Action partly completed</p> <p>An active recovery action plan was provided as evidence of how service delivery expectations were being defined, however these were dated Nov 2013 – Mar 2014. Further evidence was provided to outline actual monitoring and reporting, and again these were dated for autumn 2014.</p> <p>Internal audit acknowledge that reporting appears to have been occurring, however there is still a requirement for some form of strategic documentation that outlines the required/agreed monitoring and reporting of AR delivery.</p>
11.4	Service level expectations between Health and SCC for the delivery of the AR function should be formally defined and agreed. Arrangements for the periodic review of service level arrangements should be defined and all amendments fully documented.	High	Head of Care & Support & Senior Service Manager	<p>30.06.14</p> <p>Revised implementation date: 30.09.15</p>	<p>Action outstanding</p> <p>Management stated that memoranda of agreement were submitted and that finance was</p>

					<p>working on the agreements for the next year.</p> <p>Additionally it was stated that work was ongoing on this basis and to agree a joint AR dashboard.</p>
11.5	In order to ensure that only the latest pathway processes are made available, all process chart documentation should contain version control references and dates when changes have been made.	Efficiency	Head of Care & Support & Senior Service Manager	30.06.14	<p>Action completed</p> <p>Internal audit reviewed flow charts provided and noted that whilst they were in place, they either had a date or a version number – ideally both is required and as good practice, it is recommended that this is addressed.</p>
11.6	A business continuity plan should be defined that includes the STIT's responsibilities regarding AR. Arrangements should be put in place to ensure that the business continuity plan is reviewed, staff are made aware and the plan is tested at least annually	Medium	Head of Care & Support & Senior Service Manager	<p>15.05.14</p> <p>Revised implementation date: 30/09/2015</p>	<p>Action partly completed</p> <p>Internal audit noted that BCPs were in place for STIT South and STIT North. STIT North's plan was still current – being up for review in June 2015, however STIT South was out of date.</p> <p>Management should address this, and ensure an updated plan is put in place.</p>
11.7	The terms of reference for the OMG should be reviewed, revised and finalised to include the criteria defined in the finding. Management should take step to find a suitable replacement SCC representative for the Right First Time Group at the earliest opportunity.	High	Head of Care & Support & Senior Service Manager	<p>15.05.14</p> <p>Revised implementation date: 30/05/2015</p>	<p>Action partly completed.</p> <p>Internal audit were provided with the TOR for the OMG that had been updated and supplied following the original audit testing. These were more detailed, however were still to be finalised</p>

					<p>(ie: they were still annotated 'draft'). It was stated in an email that they had been formally signed off; however no final version was available to review.</p> <p><u>Internal Audit Opinion:</u> Whilst the TOR were found to contain more detail, they still needed to be signed off and this recorded.</p>
11.8	<p>Formal arrangements regarding the management of Active Recovery's risks should be clearly defined and documented. Arrangements should include:</p> <ul style="list-style-type: none"> - overall responsibility for the risk management; - responsibility for maintaining the risk register/risk management plan - responsibility for reviewing the risk register/management plan and defining mitigating actions; - an escalation process 	Medium	Head of Care & Support & Senior Service Manager	31.08.14	<p>Action partly completed.</p> <p>Internal audit reviewed risk logs dated June, July and August 2014. In addition, as stated above the ToR did cover risk management responsibility but this was still in draft.</p> <p>See 11.7 above.</p>
11.9	Management should ensure that arrangements are in place and adhered to. Ensuring that the AR risk log and the individual risks reported are formally reviewed and updated in line with defined timescales.	Medium	Head of Care & Support	31.08.14	<p>Action outstanding</p> <p>See 11.8 above</p>
11.10	<p>A formal service level agreement (SLA) should be produced that clearly defines the services that Health are funding and how much they will pay. The SLA should also include:</p> <ul style="list-style-type: none"> - the period or duration of agreement; - arrangements for reviewing and amending service delivery and charges; - how service provision will be reviewed; - when and how payment will be received. <p>The SLA should be formally signed off by appropriate senior management representatives from both</p>	High	Head of Care & Support	<p>15.05.14</p> <p>Revised implementation date 30/09/2015</p>	<p>Action outstanding.</p> <p>Management stated that this is now part of the BCF and the pooled arrangements. At the time of the follow up, finance were working on the agreements for 16/17. Historical funding has been confirmed for 2015/16.</p> <p><u>Audit Comment</u></p>

	<p>authorities and copies of the signed agreements should be retained by appropriate officers from both authorities.</p> <p>All requests to amend the details of the agreements should be raised and recorded formally and all revisions of the agreement should be demonstrated by the appropriate responsible officers from both authorities signing up to the new arrangements.</p> <p>All versions of the SLA should be clearly version controlled to ensure that the latest version can easily be identified.</p>				<p>It is acknowledged that AR will form part of the BCF going forward and as stated earlier, memoranda of agreement were reviewed, however there was no SLA in place regarding this.</p>
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12. Car Parking Services (Place). (Issued to the audit committee 23.09.14).

As at January 2015

Internal Audit: This report was issued to management on the 23.09.13, with the latest agreed implementation date of 31.03.14. Following a piece of follow up work by internal audit in September 14, the director of regeneration and development services attended the November audit committee meeting and provided an update against the outstanding recommendations. At this meeting it was agreed that a further piece of follow up work would be undertaken by Internal Audit.

Because of timing issues, internal audit agreed to obtain evidence for those actions stated as having been completed in the November update – with further updates being provided in the next tracker against actions noted as still being ‘in progress’. It was stated that these in progress actions were to be completed by the end of December 2014.

Internal audit were provided with sufficient evidence to confirm that the 8 recommendations stated as being ‘complete’ in November had all been actioned and these were reported in the previous high opinion report.

As at July 2015: Progress against the remaining outstanding actions is reported below.

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position - after Internal Audit progress update 02.04.15
12.1	New standard operating procedures (SOP) should be drawn up in line with a series of control requirements highlighted by internal audit.	High	TT&PS Business Manager	31.10.13 Revised implementation date 31.12.14	Action Completed. Internal audit viewed the SOPs and the SOP index.
12.2	Rotas should be established to provide for management supervision of technical and security officer at the outset of the working day.	Medium	TT&PS Business Manager	31.10.13 Revised implementation date 31.12.14	Action Completed. Management stated that an extra officer was now on staff to mitigate the need to put in place a formal rota – a way of working/coverage is agreed between the manager and the new officer. The new post is part of current formal recruitment.
12.3	All significant fraud risks should be identified separately on the risk management plan, ensuring that mitigation strategies have been implemented for each risk.	Medium	TT&PS Business Manager	31.10.13 Revised implementation date	Action Completed. Risk management plan in place. Copy reviewed by internal audit.

				31.12.14	
12.4	Arrangements should be put in place to address the numbers of outstanding informal challenges. Targets should be set for acceptable levels in terms of outstanding numbers.	High	TT&PS Business Manager	31.10.13 Revised implementation date 31.12.14	Action Completed. Management outlined the steps being taken to reduce the backlog to nil. Another local authority has also offered to assist with formal representatives. At the time of the update, management stated that 2700 challenges had been cleared with fewer than 600 cases still to be reviewed.
12.5	Civil enforcement officers should be made aware of the expectations placed on them in terms of performance, the impact on the service and the Council of poor performance, as well as actions required of individual officers in order to bring performance in line with these expectations. Poor levels of performance should be addressed through the introduction of tailored training and development targets at the individual's requirements.	Medium	TT&PS Business Manager	31.03.14 Revised implementation date 31.12.14	Action Completed. Management stated that this is now raised via IPR's and 121's. Internal audit viewed a sample of IPR's to evidence this.
12.6	Consideration should be given to whether restricted authorisation levels should be incorporated in to the parking gateway system for cancellation of penalty charge notices (PCN). Alternatively consideration should be given to the potential for management to review a daily log of cancellations processed to confirm legitimacy and correct application of the enforcement policy.	Medium	TT&PS Business Manager	31.10.14 Revised implementation date 31.12.14 Revised implementation date 31.07.15	Action Outstanding. Management stated that this has been partly actioned in so far as initial consideration had been given to apply access controls or verification of officer cancellations. The decision taken to use the latter, means that this still has yet to be completed. Reviews of cancellations by each officer are taking place as part of sample checks of work which are discussed with individual notice processing staff at monthly 1:1 meetings with managers. Reviewing a daily log was attempted but could not be sustained with the current staffing levels, especially bearing in

					mind that volumes of challenges and representations being processed at the moment are substantially higher than normal due to the work which is in progress to clear backlogs of challenges and representations. An Achieving Change is currently being progressed to provide an additional post of Senior Notice Processing Officer, who will be able to collate data for such checks to take place. Work is still also ongoing by business analysts from BCIS to quantify the staffing levels needed to process the current and anticipated future volumes of penalty charge notices.
12.7	A systematic monthly review of PCN cancellations should be carried out. Information to facilitate such reviews should be requested from the management system provider.	Medium	TT&PS Business Manager	31.10.14 Revised implementation date 31.12.14	Action Outstanding Management stated that they were not currently able to carry out monthly reviews of PCN cancellation as the system did not accommodate this. Management have obtained a quotation from the system supplier for system configuration work which will enable customised reports to be produced containing the necessary details required for such reviews. An order has been placed for the work and a delivery timescale requested from the supplier.
12.8	Information should be requested from the other core cities and south Yorkshire authorities so as to benchmark the services performance. The suite of KPIs and benchmarks drawn up by management should be implemented.	Medium	TT&PS Business Manager	31.12.13 Revised implementation date 31.12.14	Action Completed. Internal audit evidenced that the service has a suite of KPI's in place, which are stated in the services business plan. This has been produced with benchmarked information from other local

					authorities.
12.9	Regeneration and development services management should review the levels of overtime claimed.	High	TT&PS Business Manager	30.09.13 Revised implementation date 31.12.14 Revised implementation date 31.07.15	Action Outstanding Management stated that this action had stalled due to staff resource issues, but the service had secured additional staffing to introduce a reporting regime and monthly reports to the director.
12.10	An up to date and accurate business continuity plan (BCP) should be drawn up for the service.	Medium	TT&PS Business Manager	31.12.13	Action Completed. Internal audit reviewed the completed BCP for the service, which had been drawn up following corporate guidance for the shared service.

13. Schools, using independent payroll services (CYPF). (Issued to the audit committee 22.04.14).

As at January 2015

Internal Audit: This report was issued to management on the 31.3.14, with the latest agreed implementation date of 31.03.2015. Therefore an update will be provided in the next high opinion update report.

As at June 2015: Internal Audit undertook a follow up audit in February 2015 and progress is reported below.

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position from Internal Audit follow up audit
13.1	Risk management plans should be completed, assessed and regularly amended / updated. The plan should contain sufficient detail, have consistent and complete data, feature a responsible officer, have appropriate timeframes for action / update and record a review date.	Medium	Head Teacher/Business Manager at each school sampled	30.06.14 Revised implementation date 31.03.15	Action Outstanding. The 5 LA schools (2 schools now academy) did not provide an updated position, or evidence of any assurance that the recommendations had been implemented.
13.2	A business continuity plan should be documented and communicated to appropriate personnel. This should outline key parts of the payroll function and how they will be delivered or continued in the event of any disruption. A risk assessment should be undertaken on such events and form the basis of the plan.	Medium	Head Teacher/Business Manager at each school sampled	30.06.14 Revised implementation date 31.03.15	Action Outstanding. See comment at 13.1
13.3	An accreditation system for independent providers of payroll / HR services should be developed, implemented and subsequently evaluated. This should include financial checks and controls in place to monitor these companies after they receive funds from the school.	High	Head Teacher/Business Manager at each school sampled	30.06.14 Revised implementation date 31.03.15	Action Outstanding. See comment at 13.1
13.4	A suite of performance measures and targets should be developed by schools to ensure that they are sufficiently performance managed and meeting the	Medium	Head Teacher/Business Manager at	30.06.14	Action Outstanding. See comment at 13.1

	<p>required standards. Schools should benchmark with each other, identify targets set and how they monitor their respective providers. The HR Service Manager (Schools Statutory and Strategic HR Service) should also be contacted for advice and guidance on performance targets and monitoring.</p> <p>A performance report / briefing document should be produced and presented to the governing body or designated subcommittee at the school to summarise the performance of the payroll provider. This performance report is also considered beneficial for in house payroll / HR arrangements.</p>		each school sampled	Revised implementation date 31.03.15	
13.5	<p>All payroll / HR provider decisions that are made on behalf of the school should be discussed and agreed by the governing body or designated subcommittee. Only then can the level of challenge be demonstrated and the true transparency of the decision becomes clear. The head teacher and governing body needs to ensure that decisions made are based on supporting evidence / documentation.</p> <p>Schools should be encouraged to have open dialogue with each other and establish the decision making processes that has been adopted at each school in relation to their payroll / HR provider. Therefore, best practice can be shared and ultimately value for money may be achieved. The HR Service Manager (Schools Statutory and Strategic HR Service) should encourage this practice.</p>	High Medium	Head Teacher/Business Manager at each school sampled HR Service Manager (Schools Statutory and Strategic HR Service), Head Teacher/Business Manager at each school sampled.	To be actioned at the next selection process Revised implementation date 31.03.15 To be actioned at the next selection process	Action Outstanding. See comment at 13.1 Action Completed A paragraph on procurement has been added to the HR Guidance booklet. IA reviewed this.
13.6	When services such as payroll or HR are procured, schools should ensure that the correct tendering process is followed, i.e. quotes are obtained, the market is tested and a robust selection process is used. The savings that can be made, via testing the market, need to be explored and could assist the	High	Head Teacher/Business Manager at each school sampled	30.06.14 Revised implementation date 31.03.15	Action Outstanding. See comment at 13.1

	schools financial position in challenging times ahead.				
13.7	Schools should consider, document and review potential fraud risks that may arise in relation to the payroll / HR functions, and in particular when an independent provider has been appointed. There should be an understanding of counter fraud arrangements and what actions to take in the event of a fraud arising.	Medium	Head Teacher/Business Manager at each school sampled	30.06.14 Revised implementation date 31.03.15	Action Outstanding. See comment at 13.1
13.8	A signed agreement / contract should be held at the school for all payroll / HR services procured. The agreement should contain adequate detail, i.e. what is expected from both parties, performance measures, the pricing mechanism and security of data / policy.	High	Head Teacher/Business Manager at each school sampled	30.06.14 Revised implementation date 31.03.15	Action Outstanding. See comment at 13.1
13.9	Providers should be regularly challenged to ensure that the price charged and service received is maximised to benefit the school. Negotiations should occur at least annually to ensure that the services purchased are commensurate with the schools' needs.	Medium	Head Teacher/Business Manager at each school sampled	30.06.14 Revised implementation date 31.03.15	Action Outstanding. See comment at 13.1
13.10	The HR Service Manager (Schools Statutory and Strategic HR Service) should produce and provide some guidance in this area and facilitate sharing best practice between schools that promotes VFM. Furthermore, encourage schools to negotiate "block" discounted charges for schools in partnership.	Medium	HR Service Manager (Schools Statutory and Strategic HR Service).	30.09.14 Revised implementation date of 31.03.15	Action Outstanding. Work in this area has been restricted due to the lack of engagement from Commercial Services. Emails requesting a meeting have been forwarded and reviewed by internal audit. This issue is to be escalated to the director of Commercial Services.

14. Delivery of Highways Schemes (Place). (Issued to the audit committee 08.04.14).

<p>As at January 2015</p> <p>Internal Audit: This report was issued to management on the 19.03.14, with the latest agreed implementation date of 30.09.14. Internal Audit have a follow up review scheduled for quarter 4 in 2014/15</p>
<p>Update against actions from management as at 25th November 2014</p> <p>The Director of Regeneration and Development Services, Dave Caulfield, provided an updated position against the recommendations and this is provided below.</p> <p>Additionally, he wished it to be recorded that a firm of consultants, Turner & Townsend, were appointed by Sheffield City Council in August 2014 to undertake a review of the council's approach to delivering its non-core transport capital programme (i.e. excluding the Streets Ahead PFI capital maintenance programme). This end to end review has just reported and a full change programme will be implemented over the next 6 months including picking up some early wins in the first three months. The remaining outstanding internal audit recommendations will be captured as part of implementing the change programme.</p>
<p>As at March 2015, Internal Audit: A follow up audit was undertaken in March 2015 and the updated position is noted below.</p> <p>Internal audit was concerned that adequate progress had not been made against the original recommendations. The majority of the outstanding recommendations relate to the on-going change programme resulting from the independent review of the delivery of highways schemes. However, it should be noted that over and above this the following recommendations remained outstanding:</p> <ul style="list-style-type: none"> • The analysis of available and allocated funding, • Forward programme capital approvals, • The block procurement strategy and contract waiver and • "Tracker" reporting to Commercial Services <p>Revised deadlines have been agreed with transport, traffic and parking services (TTPS) management for those outstanding recommendations.</p> <p>Internal Audit met with the assistant director of finance on 14.05.15 to get a finance view. With regard to action no 14.3, it was stated that funding had been secured for the 15/16 projects but only after the intervention of finance.</p>

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position from Internal Audit follow up
14.1	Management should report to Cabinet setting out finalised local transport plan (LTP), local sustainable transport fund (LSTF) and better buses fund (BBF) funding levels, together with the respective programmes, for 2013/14.	Medium	Head of TT&PS	31.05.14	Action Completed. A report to the cabinet Highways Committee and individual cabinet member on 10/04/14 covered 2013/14 progress and new 2014/15

					<p>programme. A subsequent report to individual cabinet member on 11/09/14 provided update on 2014/15 progress and draft funding and priorities for 2015/16. This will be incorporated into Cabinet report on Council 2015/16 budget planned for May 2015.</p> <p><u>Internal Audit Opinion</u> Internal audit is satisfied that the recommendation has been implemented.</p>
14.2	<p>TT&PS management should apply the Q number process, ensuring that known (unallocated) capital funding levels are accounted for from the outset of the financial year.</p> <p>Management should work with the south Yorkshire LTP partnership body to ensure that capital funding allocations are identified and approved in advance of each financial year and thus are able to be accounted for through the Q number and capital approval form (CAF) processes in a timely manner.</p> <p>Project managers should receive training or be reminded of their responsibilities under the capital approvals process.</p>	High	Head of TT&PS	<p>31.05.14</p> <p>Revised implementation date 30.09.15</p>	<p>Action Partly Completed</p> <p>Management requested Q number training from business partner, capital (BPC) by email 10/04/14. BPC advice was that best practice would be to prepare all the CAFs early to avoid the need to use Q numbers. This practice will be adopted for 2015/16.</p> <p><u>Internal Audit Opinion</u> Part of this recommendation has been effectively superseded, subject to advice from BPC regarding use of the CAF process. Training for project managers in the CAF process is linked to the on-going change programme and therefore remains outstanding.</p>
14.3	The link between the various funding sources, the south Yorkshire LTP partnership approved schemes and CAF approvals should be clearly demonstrated; as should	High	Head of TT&PS	30.04.15	<p>Action Outstanding.</p> <p><u>Internal Audit Opinion</u></p>

	<p>the split where multiple funding sources are allocated to individual schemes.</p> <p>TT&PS management should maintain a record from the start of each financial year as to how approved capital funding sources had been applied across individual business units. This would provide a documented link between funding and schemes, and so ensure that all such funding had been appropriately applied in line with the funding body/accountable body conditions.</p> <p>In addition, this record should also set out the build-up of funding streams applied to individual schemes/business units from the various capital and revenue streams. This analysis should be revised to reflect any changes to the levels of funding or to the scheme budgets throughout the financial year.</p>			Revised implementation date: 31.05.15	<p>Discussions with TT&PS management as well as Commercial Services and the BPC would indicate that the stated action has not been implemented.</p> <p>Internal audit considers that the recommendations remain outstanding.</p>
14.4	<p>CAFs should be completed and submitted for formal approval on a timely basis in line with the corporate procedures.</p> <p>TT&PS managers should ensure that this is being done and that delays are minimised.</p>	High	Head of TT&PS	30.04.14 Revised implementation date: 31.05.15	<p>Action Outstanding.</p> <p><u>Internal Audit Opinion</u> Internal audit has confirmed that day-to-day administrative processes were in place and supported by the finance business partner (Capital). Despite management comment at 14.2 regarding early submission of CAFs for 2015/16, Commercial Services and BPC have both raised concerns with internal audit that TT&PS management have yet to provide the 2015/16 forward programme of schemes for approval by the Capital Programme Group. In addition, the block procurement strategy and waiver were also outstanding at the time of</p>

					reporting. As a result of the above, internal audit considers that the recommendations remain outstanding.
14.5	Terms of reference for the Regeneration and Development Services Capital Programme Management Board should be drafted and formally approved setting out its remit, timetable and the governance arrangements. Meetings should be formally minuted as a record of submissions made to the board and of the decisions taken and action agreed.	High	Director of Regeneration and Development Services	30.06.14	Action Completed. The Regeneration and Development Services Capital Programme Management Board meets monthly. Terms of reference established and meetings minuted. <u>Internal Audit Opinion</u> Internal audit is satisfied that the recommendation has been implemented.
14.6	<p>TT&PS management should carry out a review of operational arrangements for the delivery of highways schemes (along with management from Business Partner (Capital), Highways Maintenance Client and Commercial Services).</p> <p>The review should determine whether current arrangements are fit for purpose, ensure an effective contribution towards the Council's strategic objectives and the strategic transport plan, as well as providing effective utilisation of all available grant funding sources.</p> <p>Consideration should be given to operational structures across the TT&PS, as well as the interface with the Highways Maintenance Client Team (HMD) and Amey, as principal contractor.</p> <p>Particular focus should be placed on those planned schemes found to have been held up or subject to bottlenecks within the process, to determine the</p>	High	Transport Programme Manager	<p>30.06.14</p> <p>(Implementation target for end to end review recommendations and change strategy is 30.06.15).</p> <p>Revised implementation date: 30.06.15</p>	<p>Action Outstanding.</p> <p><u>Internal Audit Opinion</u> Supporting documentation was provided to evidence management comments re operational relationships with the main contractor.</p> <p>Over and above this, however, management acknowledge that the change programme resulting from the independent review remains outstanding.</p> <p>In addition, comments raised by officers from Commercial Services and BPC (14.4, above) would cast doubts on management arrangements for forward planning.</p>

	reasons and how these may be alleviated.				As such, internal audit considers that the recommendations remain outstanding.
14.7	<p>As a matter of urgency, TT&PS management should review the circumstances that resulted in the reduction of funding for individual schemes and/or their placing under special measures. The review should consider what action was necessary to address these issues in the short term and to ensure compliance with the conditions set by the mid-term review, so reducing the risk of further funding reductions.</p> <p>(As recommended at 1.6) a broader management review should also be carried out (with input from officers from HMD, business partner (Capital) and Commercial Services) to establish the reasons for the levels of slippage arising across highways schemes over the last two years and to identify, develop and implement actions to address these issues. Considerations should be given to the operational processes, consultation, service structure, individual responsibilities, and appropriateness of project management arrangements in the service, as well as interfaces with the other service partners.</p> <p>The head of TT&PS should report to the EMT and cabinet setting out the consequences of the mid-term review, ie:</p> <ul style="list-style-type: none"> • The extent of the "scaled back" funding and the impact on the 2013/14 programme; • The extent of slippage to 2014/15; • The placing of schemes under special measures, why this was necessary and the action to be taken by the service in line with the report's requirement for "more detailed programme management scrutiny and/or changes to management of the projects"; as well as 	High	Head of TT&PS	30.06.14	<p>Action Completed.</p> <p><u>Internal Audit Opinion</u> Internal audit has received independent assurance from SYLTP management confirming that all issues resulting in the scaling back have been resolved and none of SCC's schemes are under special measures.</p> <p>Internal audit is satisfied that the recommendations have been implemented (notwithstanding the on-going process review at 14.6).</p>

	<ul style="list-style-type: none"> Action to be taken to avoid further instances of slippage in future years. <p>Individual scheme forecasts should be revised to account for the changes to the schemes and CAF variations submitted where necessary.</p>				
14.8	<p>Officers assigned responsibility for the development and delivery of highways schemes should have received training for, and operate within, the corporate project management procedures. Equivalent roles and responsibilities should not be allocated to officers without the required skills and experience in project management.</p> <p>Quality assurance arrangements should be established to ensure that managers continue to work within the corporate project management framework.</p>	High	Head of TT&PS	30.06.14	<p>Action Outstanding.</p> <p>Training has not yet been established. The directors of RDS and finance to review requirement as one outcome of T&T review within wider recommendations. TTPS training budget will become a business pressure if significant training required.</p> <p>Emerging "Concerto" project management software will include this function for each scheme, but on hold pending the outcome of the 2nd T&T report.</p> <p><u>Internal Audit Opinion</u></p> <p>The management response indicates that both recommendations remain outstanding.</p>
14.9	<p>A comprehensive governance framework should be developed for the delivery of highways schemes. This framework should incorporate:</p> <p>Establishing timetables (monthly as a minimum requirement) for the reporting of all schemes/programmes by the project managers to the appointed responsible officer (the scheme programme</p>	High	Head of TT&PS	30.06.14	<p>Action Completed.</p> <p><u>Internal Audit Opinion</u></p> <p>Documentation was provided by TT&PS management to support the stated governance framework. Internal audit considers that the</p>

	<p>client);</p> <p>Formalised arrangements for the scheme programme client to report on to service and portfolio management.</p> <p>A review of the current schedule of meetings between TT&PS management, highways maintenance client and the contractor, Amey.</p> <p>Consideration given to whether existing arrangements are appropriate and effective. As a consequence of the review, terms of reference should be established setting out the scope and remit of each of the retained groups.</p> <p>Establishing monthly meetings between TT&PS management and the finance partner (Capital). The principle of demonstrating matters discussed and actions to be taken either through detailed minutes or action plans.</p>				<p>recommendations have been actioned. NB: action outstanding at 14.3 and 14.4 may impact on levels of assurance as to the completeness of spreadsheets and databases used by TT&PS management.</p>
14.10	<p>Projects scaled back and placed under special measures by the PTE should be reviewed to determine the specific causes for delay in delivery as well as potential bottlenecks.</p> <p>The results of this should feed in to the operational and structural review recommended at 1.6 but also, in the short-term, ensure that the obligations placed on management by the SYPTE central management team were implemented, ie that appropriate arrangements are put in place to demonstrate to the improvements in scheme delivery, so avoiding further scaling back of funding.</p>	Critical	Head of TT&PS	30.04.14	<p>Action Completed.</p> <p><u>Internal Audit Opinion</u> Internal audit has received independent assurance from SYLTP management confirming that all issues resulting in the scaling back have been resolved and none of SCC's schemes are under special measures.</p> <p>Internal audit is satisfied that the recommendations have been implemented (notwithstanding the on-going process review at 14.6).</p>
14.11	<p>Consideration should be given to providing the principal transport planner scheme programme client with the necessary training and support in corporate capital procedures, or assigning responsibility to an officer with</p>	High	Head of TT&PS	30.05.14	<p>Action Outstanding.</p> <p><u>Internal Audit Opinion</u> Internal audit confirmed that</p>

	<p>suitable experience.</p> <p>The key capital functions listed opposite should be set out and re-established so as to provide effective and sensitive levels of financial control over the highways schemes and associated capital funding.</p> <p>Clarification should be provided on the respective roles and responsibilities of the scheme programme client and principal engineer, business management to avoid ambiguity and potential duplication of those responsibilities. Job descriptions should be revised accordingly.</p>			Revised implementation date 30.09.15.	<p>the principal transport planner scheme programme client had received training and mentorship and continued to work closely with the BPC on the key capital administrative functions, opposite.</p> <p>Notwithstanding this, however, internal audit is aware of outstanding action documented at 14.3 & 14.4.</p> <p>Management also acknowledge that actions arising from the main independent review and the change programme remain outstanding.</p> <p>Internal audit therefore concludes that the recommendations have only been partially implemented and that aspects remain outstanding.</p>
14.12	<p>Project managers should review the profiles established for all highways schemes. Inaccurate profiles should be revised to reflect anticipated/planned expenditure patterns and so provide the basis for the effective financial control of those schemes.</p> <p>In future this process should be carried out on a quarterly basis in line with the start, or as and when schemes are re-scheduled.</p> <p>Training should be arranged for project managers inexperienced in the principles of profiling budgets.</p>	Medium	Head of TT&PS	30.04.14	<p>Action Completed.</p> <p>Improved use of Q-tier established, for profiling budgets correctly and varying them as appropriate by all project managers. CAFs to vary budgets and for slippage now submitted regularly.</p> <p>Monthly processes for monitoring spend; forecasting (including profiling); variations all improved in 2014/15.</p> <p>Training has been provided to the principal transport planner</p>

					<p>scheme programme client by BPC, along with peer support at appropriate times (including monthly processes for monitoring spend; forecasting (including profiling); variations all improved in 14/15).</p> <p><u>Internal Audit Opinion</u> Internal audit is satisfied that the recommendation has been implemented.</p>
14.13	<p>The Information Commissioner should be invited to review the automated number plate recognition data-sharing arrangements prior to their implementation.</p> <p>Subject to the Commissioner's approval, all of the parties (ie the four south Yorkshire local authorities and South Yorkshire Police) should enter in to a formal arrangement reflecting the approved procedures for each authority.</p>	Medium	Highways Network Manager	<p>30.09.14</p> <p>Revised implementation date 31.03.15.</p>	<p>Action Outstanding.</p> <p><u>Internal Audit Opinion</u> The recommendation is outstanding pending confirmation from the Information Commissioner following his visit in March 2015.</p>
14.14	<p>TT&PS management should uphold the conditions of the construction contract waiver. The market testing of a nominated scheme from the 2013/14 programme should be carried out so as to ensure that work is completed in advance of the financial year end. In future years, schemes should be nominated from the outset of the programmes being established, to ensure that market testing can take place in good time and the work be scheduled in line with the programme.</p>	High	Head of TT&PS	<p>30.04.14</p> <p>Revised implementation date 31.01.15</p>	<p>Action Completed.</p> <p>Two schemes identified from the Streets Ahead programme 2014/15 were found to be inappropriate for this process at design stage.</p> <p>As a means of taking this forward a shorter alternative method has been adopted in agreement with the Commercial Contracts Team. Three completed non-core highways schemes (falling into three price bands, £0-30k,</p>

					<p>£30k–100k & >£100k) are priced by the capital development service using current national construction rates. The in-house priced schemes would then be compared to the Amey priced schemes and conclusions reached about value for money.</p> <p>The outcome of this approach will be presented to Capital Programme Group in April 2015</p> <p><u>Internal Audit Opinion</u></p> <p>From the supporting documentation provided, internal audit is satisfied that the recommendation has now been implemented.</p>
14.15	TT&PS management should meet with the Commercial Services construction category manager to determine the levels and frequency of financial data to be provided to him. Once determined, arrangements should be put in place to allocate responsibility and set up timetables to facilitate this information.	Medium	Head of TT&PS	31.05.14 Revised implementation date 31.03.15.	<p>Action Outstanding.</p> <p>Contract awards tracker has been developed and shared with Commercial services.</p> <p><u>Internal Audit Opinion</u></p> <p>The Commercial Services category manager informed internal audit that the content of the “tracker” document has not been finalised.</p> <p>The recommendation therefore remains outstanding.</p>
14.16	The previously recommended operational review (point	Critical	Head of TT&PS	30.06.14	Action Outstanding.

	<p>14.6) should consider the operational structures required for the effective delivery of highways schemes. Specifically, whether current structures provide the most effective model or whether these give rise to bottlenecks or un-necessary duplication. Once the structure has been clarified, specific roles and responsibilities for all service areas and individual officers should be developed and issued, so as to avoid any ambiguity over those responsibilities or the expectations placed on individuals.</p>			<p>Revised implementation date 30.09.15.</p>	<p>Director of RDS and interim head of TT&PS are currently reviewing operation structures – and contractual arrangements relating to the Streets Ahead core contract – as part of outcomes from independent capital programme delivery review.</p> <p><u>Internal Audit Opinion</u></p> <p>The management response indicates that the agreed action remains outstanding.</p>
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Audit Committee Report



REPORT OF **Assistant Director of Finance** **DATE**
08/07/2015

SUBJECT **KPMG report into Adult Social Care – Financial Grip**

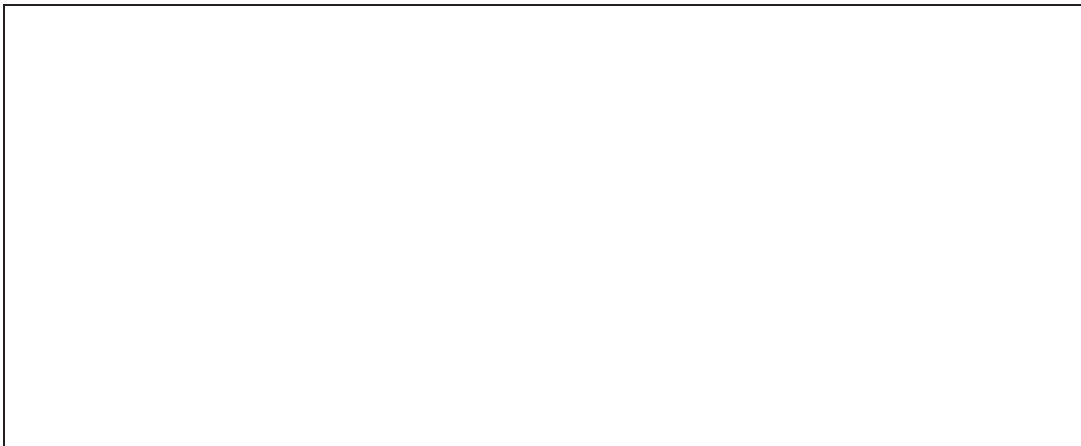
SUMMARY **The attached is the report of the Assistant Director of Finance providing an update on the proposed finance service actions in relation to the above report**

RECOMMENDATIONS **Sheffield City Council Audit Committee to note the contents of the Report and the update on actions by the finance service:**

FINANCIAL IMPLICATIONS **No** **PARAGRAPHS**
CLEARED BY **R Jones**

BACKGROUND PAPERS

CONTACT POINT FOR ACCESS **R Jones** **TEL NO.**
273 5763



CATEGORY OF REPORT

Open

Statutory and Council Policy Checklist

Financial implications
YES /NO Cleared by: R Jones
Legal implications
YES /NO
Equality of Opportunity implications
YES /NO
Tackling Health Inequalities implications
YES /NO
Human rights implications
YES /NO
Environmental and Sustainability implications
YES /NO
Economic impact
YES /NO
Community safety implications
YES /NO
Human resources implications
YES /NO
Property implications
YES /NO
Area(s) affected
Relevant Scrutiny Committee if decision called in
Not applicable
Is the item a matter which is reserved for approval by the City Council? YES/NO
Press release
YES /NO

Update on Finance Service Actions relating to the KPMG report “Adult Social Care – Financial Grip”

1 Introduction

2 This report is intended to provide assurance that the issues raised within the KPMG review into “Adult Social Care – Financial Grip” are being appropriately addressed within the finance service.

3 The new interim Assistant Director of Finance for Communities Business Partnering (in post since January 2015) drew up a list of actions linked to the recommendations of the report and designed to link to the ongoing work within finance to address the financial management issues within communities as well as the work within communities itself. This list of actions was shared with the executive directors of Communities and Resources and have formed the basis of work planning within the Communities Finance business partnering team.

4 The Key finance actions identified were as follows:

- a. Improvements to monthly monitoring and reporting
- b. Detailed review of forecasting process
- c. Review of finance business partnering activity across communities
- d. Communications around communities financial performance
- e. Review of financial governance

5 A full list of these actions as well as the finance input into other actions and ongoing work can be found in the appendix. This also provides direct links to the recommendations within the KPMG report.

6 The following sections are intended to give a brief update on the actions to date:

7 Improvements to monthly monitoring and reporting

8 As per the action list, this is very much an iterative process and the following are the key achievements to date:

- a. Commentaries within reports have increasingly focussed on the “why?” as well as the “what?”, providing more understanding of underlying financial performance.
- b. A new tool has been developed to enable more agile interrogation and analysis of financial performance vs. budget and also trended performance over time.
- c. The latest monthly monitoring report included a detailed review of the Learning Disabilities (LD) service as this is a key area of focus. This was well received and the intention is to repeat for other areas as necessary in future months.

- d. The business partnering team are focussing more on the links between actual and forecast outturn positions as well as looking at the Income and Expenditure on a gross basis to provide more insight.
- e. Further review of reporting outputs is ongoing and part of a dialogue between finance and the service

9 Detailed Review of the Forecasting Process

- a. The intended action was to review the purchasing budget forecasting process in detail.
- b. The progress to date has focussed on the year to date actual position as this will need to form a part of the outturn forecast.
- c. The next step is to link the actuals and forecasting process for purchasing budgets to the Communities Data Cube which will provide a much more detailed breakdown of care packages and their associated costs. This work is underway.

10 Review of Finance Business Partnering activity across Communities

- a. This action will link to a wider review of business partnering across all of finance planned for later this year. There has been a change of ca. 30% of the business partnering team due to an internal promotions etc. with further changes planned. This in itself will facilitate a more critical review of activities carried out in the short term.

11 Communications around Communities Financial Performance

- a. Finance team members attend some Service team meetings to talk about financial issues – this work is ongoing.
- b. Work has started to engage more with the Clinical Commissioning Group (CCG) finance teams on many levels. As well as a joint appointment process currently underway to appoint a Senior Finance Manager for the Integrated Commissioning Programme, a joint workshop is planned to explore other ways of joint working. In addition to this, we are working jointly with CCG representatives on developing the mid-term Financial Strategy for the Better Care Fund (BCF).

12 Review of Financial Governance

- a. Work has is underway to develop new Resource Allocation System (RAS) tables to support the setting of personal budgets (a key initial control)
- b. Formal links to e.g. panel reviews have yet to be established,

13 Non finance Actions

There were a number of actions identified which, although not directly for Finance, would need financial input. These are also in the appendix and below is an overview of the key finance work to date:

- a. Finance input to the Business Intelligence work within communities. This has included a wholesale review of the performance of the Reablement service and associated performance KPIs. This work will conclude shortly
- b. Finance are also working with Business Strategy to define links between the Communities data cube and the financial reporting and forecasting processes (per para 9).
- c. Finance have provided a significant amount of support to the LD commissioning programme, including modelling and analysis work and quantification of savings plans
- d. As referred to in para 12 above, new RAS tables are being developed to aid in the management of care and support purchasing budgets.

14 Other Actions and Workstreams

As well as the above mentioned actions, there are a number of other initiatives ongoing or planned which will support and facilitate better financial management within communities (and across the Council as a whole). These are also documented in the appendices and some progress is noted below:

- a. The business planning round for 2015-16 is well underway and has been approached on a corporate wide basis.
- b. The project to replace the finance system has also started with appropriate resource from finance seconded to work on the project.
- c. The finance team have representation on the project group to determine when and how CareFirst should be replaced.

Appendix – Communities Finance Actions

Action	KPMG ref	Outputs	Benefits	Timings
Improvements to monthly monitoring/reporting - Enhanced commentary - Analysis of trend data - Review of Income and Expenditure (not focussing solely on net position) - Aligning financial performance to non-financial performance - Review process to involve service, managing issues up to PLT as required	R1.a; R1.b; R1.c;	- Suite of management reports incorporating financial and non financial data	- Improved management information - Basis for better shared understanding of performance (financial and non-financial) - Visibility of financial performance issues - Earlier identification of opportunities and risks	Ongoing development from now
Detailed Review of Forecasting Process - Use the Purchasing forecast and contributions to care - Complete redesign of inputs, process and outputs - Develop relevant links to e.g. package reviews, VFM reviews etc. - Covers all sign off and ownership issues - Will inform the debate on Finance Business Partnering	R1.g; R1.d; R1.i; R1.k; R1.l;	- Documented process for completing the forecast - Documented responsibilities for within forecasts sign off (links to governance review)	- More accurate forecasting - Better understanding of sensitivities - Increased ownership of forecasting - Earlier identification of opportunities and risk	Develop during first half of 2015-16

Appendix – Communities Finance Actions (2)

Action	KPMG ref	Outputs	Benefits	Timings
<p>Review of Finance Business Partnering activity across communities</p> <ul style="list-style-type: none"> - Look at 'decision support' activities - Specifically ad-hoc work (i.e. non month end or business planning related) - Develop an overview of where finance input is required and adds value - Identify where capability could be enhanced within service - Eliminate non value-adding finance work 	R1.h;	<ul style="list-style-type: none"> - Documented and shared view of what finance support is provided - Proposed framework for prioritisation 	<ul style="list-style-type: none"> - Common understanding of service offering - Better quality, more focussed support - Elimination of waste 	First half of 2015-16
<p>Communications around Communities Financial Performance</p> <ul style="list-style-type: none"> - Internal and external - Starts with Budget for 2015-16 and challenges - Links to employee engagement - Need for more transparency with CCG - Targeted communications with other external parties (e.g. suppliers) 	R4.d; R4.e;	<ul style="list-style-type: none"> - Communication pack - Communications plan 	<ul style="list-style-type: none"> - Better understanding of financial issues facing the portfolio amongst staff - from PLT down - Increased engagement from staff - leading to behaviour changes - Better understanding of financial landscape for our providers- leading to more innovative solutions 	Q1 2015-16
<p>Review of Financial Governance</p> <ul style="list-style-type: none"> - Review effectiveness of governance arrangements (e.g. panel reviews and package variations) - Review delegated authorities are driving correct behaviours - Develop reporting around exceptions 	R1.d;	<ul style="list-style-type: none"> - KPIs relating to outputs from panel reviews (these must link to forecasting process) - Documented governance process (and communicated as required) 	<ul style="list-style-type: none"> - Visibility of e.g. changes to packages failures - Reduced likelihood of future control failures 	Ongoing

Action	KPMG ref	Communities Finance Input
<p>Business Strategy</p> <ul style="list-style-type: none"> - BI workflow, including: Data management; Data cleansing; Defining ongoing requirements for data capture etc. 	<p>R1.j; R2.a; R2.b; R2.d</p>	<ul style="list-style-type: none"> - High level of input relating to design of KPIs and linkages between financial and non-financial data
<p>Commissioning</p> <ul style="list-style-type: none"> - Enhanced Contractual control environment - including prescribing activity returns - Increasing role of Council in Stimulating Market demand for providers 	<p>R1.e; R3.c R.4c; R.4b;</p>	<ul style="list-style-type: none"> - Help with modelling and analysis work - VFM assessments and benchmarking
<p>Care & Support</p> <ul style="list-style-type: none"> - Systematic review of care packages (NB this work has already started) - Improvements to data capture and data flows, e.g. to cover in-house service provider detail and improve process effectiveness (already ongoing?) - Restore the application of the RAS system 	<p>R1.f; R2.c; R2.d; R.4a;</p>	<ul style="list-style-type: none"> - Evaluation of outputs - Developing KPIs relating to outputs of the process - Incorporate outputs into forecasting process and MTFS - Helping to define data requirements in accordance with KPIs for BI workflow - Financial evaluation of options - Linking changes into the forecasting process

Action

KPMG ref Communities Finance Input

Strategic Finance

- Corporate Approach to budgeting: Moving away from the %age cuts R1.m;
 - Detailed analysis of current performance
 - Options Appraisal
- Review of finance business partnering: Using the learnings from the Communities Finance work R1.g;
R1.h;
R1.i;
 - Forecast process redesign
 - Piloting of different approaches

Information Systems

- Finance System Replacement R3.a;
R.3b;
 - Ensure that sub ledgers meet reporting needs - including initially on OEO
 - Ensure that interface to care system provides sufficient granularity
- Carefirst replacement R3.a;
- Overall Systems Strategy R3.a;

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Audit Committee Report

Report of: Laura Pattman

Date: 21 July 2015

Subject: Update on Adult Social Care Change Programme

Author of Report: Laura Pattman

Summary: To update committee members on work underway in the Communities Portfolio

Recommendations: That Committee Members note the update

Background Papers:

Category of Report: Open

* Delete as appropriate

Statutory and Council Policy Checklist

Financial Implications
YES/NO Cleared by:
Legal Implications
YES/NO Cleared by:
Equality of Opportunity Implications
YES Cleared by:
Tackling Health Inequalities Implications
YES
Human rights Implications
YES
Environmental and Sustainability implications
NO
Economic impact
YES
Community safety implications
YE
Human resources implications
YES
Property implications
NO
Area(s) affected
Relevant Cabinet Portfolio Leader
Mary Lea
Relevant Scrutiny Committee if decision called in
Not applicable
Is the item a matter which is reserved for approval by the City Council?
NO
Press release
NO

Audit Committee

Adult Social Care Change Programme - Update

The Adult Social Care Change Programme is a single coherent umbrella for all change within Adult Social Care.

Overall the programme's aim is improving both our customers' experience of adult social care and the sustainability of services. Making this change will not just mean changing our process and systems – it is also about getting the data in place to support evidence based decision making and the staff culture aligned. The programme of change is intended to build on the recovery action put into place as a result of the large over spend in Communities in 2012-13. The table below sets out the achievements and next steps for each of the workstreams.

Workstream	Scope	Progress to date	Next steps
Information, Advice & Access	Overall front door offer for any enquiry to ASC. Includes all initial contact across channels	<ul style="list-style-type: none"> • Care Act requirements complied with • New web platform scoped and implementation under way • High level design of new access routes complete 	<ul style="list-style-type: none"> • Development of wider approach to information & advice • Completion of new web platform • Detailed design of access routes • Further use of demand management techniques eg to help people use community support
Prevention	Targeted or universal activity that manages demand before more structured support	<ul style="list-style-type: none"> • <i>Keeping People Well</i> phase as part of <i>Integrated Commissioning Programme</i>. • Baselined existing in house and commissioned preventative services 	<ul style="list-style-type: none"> • Development of wider prevention approach for the portfolio.
Assistive Technology & Equipment	Use of technology and equipment to support people at every stage of the process. Includes telecare	<ul style="list-style-type: none"> • New equipment contract in place, as part of <i>Integrated Commissioning Programme</i>. • Piloting <i>Just Checking</i> technology to support assessments. • About to start pilot wider medication equipment. • Business case developed for wider use 	<ul style="list-style-type: none"> • Evaluation of pilots • Consideration and further development of telecare proposals • Link to wider city work on telehealth

Workstream	Scope	Progress to date	Next steps
Enablement & Intermediate Care	Community and hospital discharge reablement. Enablement for those with lifetime needs	<p>of telecare.</p> <ul style="list-style-type: none"> Predictive demand model created for transfers of care through whole system with NHS partners. Completed data analysis of Adult Provider Services delivery. Close working with <i>Active Support & Recovery</i> workstream of <i>Integrated Commissioning Programme</i>. Contribution to elements of <i>Prime Minister's Challenge Fund</i> 	<ul style="list-style-type: none"> Use demand model to take pre-emptive action to prepare for next winter Adult Provider Services improvement driven by data analysis.
Assessment, Support Planning & Review	Assessment and support planning. Includes financial assessment and review	<ul style="list-style-type: none"> Approaching completion of non-residential reviews for older people and those with physical disabilities or sensory impairments New risk based review process designed and due to be launched in Adult Services in late July Additional resource agreed to support reviews in Learning Disabilities Service 	<ul style="list-style-type: none"> Full roll out of risk based review process. Data model and analysis for LD demand.
Long Term Care	Care management of ongoing support, including complex case management	<ul style="list-style-type: none"> Joint work with CCG in place on combined process for Joint Packages of Care. Learning Disability (LD) Commissioning Strategy & Supported Living Framework in place. LD Provider response to reviews scoped and making good progress. 	<ul style="list-style-type: none"> Review of older / PDSI people experience of those receiving ongoing care Further work on joining up with health services alongside <i>Integrated Commissioning Programme</i>. Further work on LD.
Enabling Workstreams	Supporting workstreams	<ul style="list-style-type: none"> Business Intelligence work supporting Adult Provider Services complete. 	<ul style="list-style-type: none"> Business Intelligence IT Platform provides live dashboards on

Workstream	Scope	Progress to date	Next steps
		<ul style="list-style-type: none">• Cultural change approach started.• Mobile working solution now live and in use by first tranche of social workers.• Business Intelligence IT Platform built and currently being tested.	performance.

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Audit Committee Report

Report of: Director of Legal and Governance

Date: 21 July 2015

Subject: Work Programme

Author of Report: Dave Ross (0114 273 5033)

Summary:

The report provides details of a proposed work programme for the Committee to April 2016

Recommendations:

That the Committee:-

(a) considers the Work Programme and identifies any further items for inclusion;
and

(b) approves the work programme.

Background Papers: None

Category of Report: OPEN

Statutory and Council Policy Checklist

Financial Implications
NO Cleared by:
Legal Implications
NO Cleared by:
Equality of Opportunity Implications
NO Cleared by:
Tackling Health Inequalities Implications
NO
Human rights Implications
NO:
Environmental and Sustainability implications
NO
Economic impact
NO
Community safety implications
NO
Human resources implications
NO
Property implications
NO
Area(s) affected
NONE
Relevant Cabinet Portfolio Lead
Cabinet Member for Finance and Resources
Relevant Scrutiny Committee if decision called in
Not applicable
Is the item a matter which is reserved for approval by the City Council?
NO
Press release
NO

WORK PROGRAMME

1. Purpose of Report

1.1 To consider an outline work programme for the Committee for 2015/16 and to identify any further items for inclusion.

2. Work Programme

2.1 It is intended that there will be at least five meetings of the Committee during the year with three additional meetings arranged if required. The work programme is based around the attached terms of reference and includes some items which are dealt with at certain times of the year to meet statutory deadlines, such as the Annual Governance Report and Statement of Accounts, and other items requested by the Committee.

2.2 An outline programme to April 2016 is set out below and Members are asked to identify any further items for inclusion.

Date	Item	Author
24 September 2015	Report to those Charged with Governance (ISA 260)	Sue Sunderland (Director, KPMG)
24 September 2015	Statement of Accounts	Dave Phillips (Interim Director of Finance)
24 September 2015	Internal Audit Annual Report	Dave Phillips (Interim Director of Finance)
24 September 2015	Markets Service High Opinion Audit Report Update	Nalin Seneviratne (Director of Capital & Major Projects)/Andy Ward (Head of Markets)
24 September 2015	Information Commissioner's Office Consensual Data Protection Audit Report	John Curtis (Head of Information and Knowledge Management)
24 September 2015	Update on the Adult Social Care Change Programme	Eugene Walker/Laraine Manley (Interim Executive Directors, Resources and Communities)
24 September 2015	Update on actions to address the issues in the KPMG report on the review of Financial Support Processes in Adult Social Care	Eugene Walker (Interim Executive Director, Resources)

12 November 2015	Annual Audit Letter 2014/15	Sue Sunderland (Director, KPMG)
12 November 2015	Strategic Risk Management/ Corporate Risk Register	Richard Garrad (Corporate Risk Manager)
10 December 2015	(additional meeting if required)	
14 January 2016	Update on actions to address the issues in the KPMG report on the review of Financial Support Processes in Adult Social Care	Eugene Walker (Interim Executive Director, Resources)
14 January 2016	Update on the Adult Social Care Change Programme	Eugene Walker/Laraine Manley (Interim Executive Directors, Resources and Communities)
14 January 2016	Progress on Audit Reports with a High Opinion	Kayleigh Inman (Senior Finance Manager)
14 January 2016	Certification of Claims and Returns Annual Report 2014/15	Sue Sunderland (Director, KPMG)
14 January 2016	External Audit Plan 2015/16	Sue Sunderland (Director, KPMG)
11 February 2016	(additional meeting if required)	
10 March 2016	(additional meeting if required)	
14 April 2016	Annual Audit Fee Letter 2016/17	Sue Sunderland (Director, KPMG)
14 April 2016	Internal Audit Plan 2016/17	Kayleigh Inman (Senior Finance Manager)
14 April 2016	Audit Commission Report on Protecting the Protecting the Public Purse/Update on Counter fraud initiatives	Dave Phillips (Acting Director of Finance)
14 April 2016	International Auditing Standards – Compliance with Internal Control/counter Fraud	Dave Phillips (Acting Director of Finance)
14 April 2016	Strategic Risk Management/ Corporate Risk Register	Richard Garrad (Corporate Risk Manager)

3. **Recommendation**

3.1 That the Committee:-

- (a) considers the Work Programme and identifies any further items for inclusion;
and
- (b) approves the work programme.

Director of Legal and Governance

Audit Committee Terms of Reference (Revised February 2012)

- (1) To approve the Council's Statement of Accounts (which includes the Annual Governance Statement) in accordance with the Accounts and Audit Regulations 2003 as amended.
- (2) To consider and accept the Annual Letter from the Auditor or the Audit Commission in accordance with the Accounts and Audit Regulations 2003 as amended and to monitor the Council's response to any issues of concern identified.

Audit Activity

- (3) To consider the Chief Internal Auditor's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
- (4) To consider summaries of specific internal audit reports as requested.
- (5) To consider reports dealing with the management and performance of the internal audit service.
- (6) To consider any report from internal audit on agreed recommendations not implemented within a reasonable timescale.
- (7) To consider specific reports as agreed with the external auditor.
- (8) To comment on the scope and depth of external audit work and to ensure it gives value for money.
- (9) To liaise with the Audit Commission over the appointment of the Council's external auditor.

Regulatory Framework and Risk Management

- (10) To maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour (except in relation to those matters which are within the Terms of Reference of the Standards Committee e.g. code of conduct and behaviour of Members).

- (11) To monitor the effective development and operation of risk management and corporate governance in the Council.
- (12) To monitor Council policies on “Raising Concerns at Work” and the anti-fraud and anti-corruption strategy and the Council’s complaints process.
- (13) To oversee the production of the Council’s Annual Governance Statement and monitor progress on any issues.
- (14) To consider the Council’s arrangements for corporate governance and any necessary actions to ensure compliance with best practice.
- (15) To consider the Council’s compliance with its own and other published standards and controls.

Accounts

- (16) To consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

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