

Audit and Standards Committee

Thursday 13 July 2017 at 5.00 pm

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

The Press and Public are Welcome to Attend

Membership

Councillors Josie Paszek (Chair), Adam Hanrahan (Deputy Chair), Dianne Hurst, Alan Law, Pat Midgley, Peter Price and Paul Scriven.

Independent Co-opted Members

Liz Stanley.

PUBLIC ACCESS TO THE MEETING

The Audit and Standards Committee oversees and assesses the Council's risk management, control and corporate governance arrangements and advises the Council on the adequacy and effectiveness of these arrangements. The Committee has delegated powers to approve the Council's Statement of Accounts and consider the Annual Letter from the External Auditor.

The Committee is also responsible for promoting high standards of conduct by Councillors and co-opted members.

A copy of the agenda and reports is available on the Council's website at <http://democracy.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 meetings of the Committee 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 AND STANDARDS COMMITTEE AGENDA
13 JULY 2017**

Order of Business

- 1. Welcome and Housekeeping Arrangements**
- 2. Apologies for Absence**
- 3. Exclusion of the Press and Public**
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. Minutes of Previous Meetings** (Pages 5 - 12)
To approve the minutes of the meetings of the Committee held on 27 April and 17 May 2017.
- 6. Annual Governance Statement 2016-17** (Pages 13 - 24)
Report of the Director of Legal and Governance.
- 7. Annual Audit Fee Letter 2017/18** (Pages 25 - 36)
Report from KPMG.
- 8. Summary of the Statement of Accounts** (Pages 37 - 58)
Report of the Acting Executive Director, Resources.
- 9. Progress on Audit Reports with a High Opinion** (Pages 59 - 116)
Report of the Head of Finance.
- 10. Internal Audit Annual Fraud Report** (Pages 117 - 136)
Report of the Head of Finance.
- 11. Work Programme** (Pages 137 - 142)
Report of the Director of Legal and Governance.
- 12. Dates of Future Meetings**
To note that meetings of the Committee will be held at 5.00 p.m. on:-
 - 14 September 2017
 - 16 November 2017
 - 14 December 2017 (additional meeting if required)
 - 11 January 2018
 - 8 February 2018 (additional meeting if required)
 - 8 March 2018 (additional meeting if required)
 - 12 April 2018
 - 14 June 2018
 - 26 July 2018

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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 Audit and 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 and Standards Committee

Meeting held 27 April 2017

PRESENT: Councillors Josie Paszek (Chair), Dianne Hurst, Pat Midgley and Vickie Priestley

Co-Opted Member

Liz Stanley

Representative of KPMG

Tim Cutler

Council Officers

Eugene Walker (Acting Executive Director, Resources)

Gillian Duckworth (Director of Legal and Governance)

Kayleigh Inman (Senior Finance Manager, Internal Audit)

Dave Phillips (Head of Strategic Finance)

John Curtis (Head of Information Management)

Richard Garrad (Strategic Risk Manager)

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1. APOLOGIES FOR ABSENCE

1.1 An apology for absence was received from Councillor Peter Price.

2. DECLARATIONS OF INTEREST

2.1 There were no declarations of interest.

3. MINUTES OF PREVIOUS MEETING

3.1 The minutes of the previous meeting of the Committee, held on 12 January 2017, were approved as a correct record.

4. GENERAL DATA PROTECTION REGULATION

4.1 The Head of Information Management submitted a report outlining forthcoming changes to how the Council processes and uses personal data. These changes will be introduced through the General Data Protection Regulation (GDPR) which will come into force on 25 May 2018. The report outlined some of the proposed changes outlined within the GDPR, as well as work undertaken to date and ongoing work to address these proposed changes.

4.2 In response to a question from a Member about who had the right to be “forgotten” under the proposals, the Head of Information Management commented that an individual could ask for their records to be deleted, in essence “forgotten”. The Council would then have to make a judgement as to whether it needed to retain the individual’s records or not. If it did decide to retain, the Council would be required to inform the individual that this was the case and explain why. The

individual would then have a right of appeal to the Information Commissioner's Office (ICO).

- 4.3 In respect of the issue of fines for non-compliance, the ICO had confirmed that any fines would be sensible and proportionate to the size of the organisation. However, the ICO would more than likely have issued a number of warnings before it had reached that stage.
- 4.4 A Member of the Committee then enquired who would be responsible for any incident in Schools. The Head of Information Management confirmed that the Governing Body would be the accountable body for any such incidents.
- 4.5 **Resolved:** That the Committee notes the proposed changes and supports the ongoing work.

5. INTERNAL AUDIT PLAN 2017/18

- 5.1 The Senior Finance Manager (Internal Audit) introduced a report presenting the Internal Audit planning methodology and programme of work for 2017/18.
- 5.2 The strategy for Internal Audit work was to focus on areas of high-risk activity in order to provide assurance that risk and internal control systems were being properly managed by Directors in service areas.
- 5.3 For 2017/18, a risk scoring approach had been implemented in order to prioritise the identified auditable areas. The use of a risk-scoring methodology was a requirement of the Public Sector Internal Audit Standard. Service Management had been asked to contribute to the planning process, however the plan and its contents were entirely the responsibility of Internal Audit.
- 5.4 The seven high priority areas which had not been included in the Plan had been excluded for service reasons as opposed to Internal Audit reasons. The delivery of the plan could potentially be affected by anything unplanned which may cause a need to reallocate resource.
- 5.5 In response to a question from a Member of the Committee as to whether the Committee would have any role in approving how Internal Audit resources were utilised, the Senior Finance Manager (Internal Audit) commented that she worked out the number of days based on how many days were worked and taking into account allowances for non-audit activity. Activity was balanced to the resources available.
- 5.6 Following a query from a Member of the Committee as to how many days the figure of 15% in paragraph 32 of the report represented, the Senior Finance Manager (Internal Audit) stated that she would break the plan down into days and the number of outputs to make it clearer for Members.
- 5.7 The Senior Finance Manager (Internal Audit) commented, in response to a question regarding whether the impact of national changes would have a knock on effect on audit plans, that it was a continuous cycle and not a static process. She

met quarterly with Executive Directors and Heads of Service to look at the plan and it could be reviewed in year, if necessary.

- 5.8 **Resolved:** That the Committee endorses the programme of internal audit work, attached to the report, for 2017/18.

6. PUBLIC SECTOR INTERNAL AUDIT STANDARDS PEER REVIEW

- 6.1 The Senior Finance Manager (Internal Audit) introduced a report presenting and communicating to Members of the Committee the outcomes of the peer review performed by Leeds City Council Internal Audit Service to assess compliance with the Public Sector Internal Audit Standards (PSIAS).

- 6.2 The conclusion of the review was that the Internal Audit Service generally conformed with the requirements of the Public Sector Internal Audit Standards and that we had the relevant structures in place in order to comply. This was the highest standard of assessment which could be given. A number of areas had been identified for improvement and Internal Audit had agreed with all the recommendations.

- 6.3 **Resolved:** That the Committee:-

- (a) notes the outcomes of the peer review produced by Leeds Internal Audit Service; and
- (b) approves the revised Internal Audit Charter, appended to the report.

7. COMPLIANCE WITH INTERNATIONAL AUDITING STANDARDS

- 7.1 The Head of Strategic Finance introduced a report which had been drafted so that the Committee could demonstrate to the External Auditors and the wider audience that they had exercised the required oversight to meet the requirements of the International Standards on Auditing. The report drew together much of the work that had been undertaken by the Committee in the past year.

- 7.2 **Resolved:** That the Committee:-

- (a) confirms that the report gives an accurate reflection of the reports that they had received and considered throughout the year; and
- (b) confirms that it now had an overview of the Council's systems of internal control so that it was now assured that it was fulfilling the requirements of "those charged with governance" under the International Auditing Standards.

8. ANNUAL REPORT ON GRANTS AND RETURNS 2015/16

- 8.1 Tim Cutler, Partner, KPMG, introduced the Annual Report on Grants and Returns 2015/16 which summarised the results of work KPMG had carried out on the Council's 2015/16 grant claims and returns.

8.2 Mr Cutler reported that there had only been one claim certified as part of the PSAA regime in relation to Housing Subsidy which had a value of £195.8 million. A qualification letter was sent to the Department of Work and Pensions (DWP) along with the certified claim as there were a small number of errors found as part of the testing. None of the errors were individually or collectively significant, but due to the large number of individual payments in each category, it was not possible to calculate the true value of each error within the total claim. As such, the assurance was qualified to DWP on this basis. Some recommendations had been raised, therefore, in relation to these errors, to improve the process for preparing the claim in future years.

8.3 Under separate assurance engagements, three returns had been certified in relation to Pooling Capital Receipts, Teachers' Pension Return and SFA Subcontracting Arrangements.

8.4 **Resolved:** That the Committee notes the Annual Report on Grants and Returns 2015/16.

9. EXTERNAL AUDIT PLAN 2016/17

9.1 Tim Cutler, Partner, KPMG, introduced a report outlining the External Audit Plan for 2016/17.

9.2 Mr Cutler reported that KPMG had identified a number of significant audit risks in relation to the financial statement. These were either standard risks required by auditing standards, items of high value with a large degree of estimation or something complex being looked at for the first time. There was one significant value for money risk in respect of financial resilience with a particular focus on how social care was managed in the budgeting process.

9.3 In response to a question from a Member of the Committee, Eugene Walker, Acting Executive Director, Resources, commented that there were a number of key issues to keep watch on but they were largely things that were known about. Childrens and adults' services were to be brought together in People Services portfolio and this would provide a better opportunity to manage on a whole life basis. Social care was a difficult issue, but the Council had to find a way to manage it.

9.4 **Resolved:** That the Committee notes the External Audit Plan 2016/17.

10. WORK PROGRAMME

10.1 The Director of Legal and Governance submitted a report providing details of an outline work programme for a meeting of the Committee in July 2017.

10.2 **Resolved:** That the Committee's work programme for its July meeting be approved.

11. DATE OF NEXT MEETING

11.1 The Committee noted that its next meeting would be held on Thursday 13 July 2017.

12. EXCLUSION OF THE PRESS AND PUBLIC

12.1 **Resolved:** That the public and press be excluded from the meeting before discussion takes place on the following item of business on Strategic Risk Management 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 Schedule 12A to the Local Government Act 1972, as amended.

13. STRATEGIC RISK MANAGEMENT

13.1 The Corporate Risk Manager introduced a report and gave a presentation providing an assessment of the Council's current Risk Management arrangements and the measures implemented to further strengthen and improve them and the current and emerging risks, their impact on service delivery and the controls in place to manage them.

13.2 The report and presentation covered the period from June 2016 to February 2017. The Corporate Risk Manager reported that the risk management arrangements remained at a green rating for this period. However, if certain issues were not resolved in the next quarter, the Corporate Risk Management Group would consider reducing the rating to amber. Since the report had been compiled, however, there had been some evidence that things were improving in this respect.

13.3 The Corporate Risk Manager and Acting Executive Director, Resources responded to questions from Members of the Committee on management responsibility for risks and deprivation of liberty.

13.4 **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 trends in management of risks; and
- (c) notes the current and emerging risks and endorses the actions being taken to mitigate those risks.

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SHEFFIELD CITY COUNCIL

Audit and Standards Committee

Meeting held 17 May 2017

PRESENT: Councillors Adam Hanrahan, Dianne Hurst, Alan Law, Pat Midgley, Josie Paszek and Peter Price.

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1. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Paul Scriven.

2. APPOINTMENT OF CHAIR AND DEPUTY CHAIR

Resolved: That, for the Municipal Year 2017/18, (a) Councillor Josie Paszek be appointed as Chair of the Committee and (b) Councillor Adam Hanrahan be appointed as Deputy Chair.

3. DATES AND TIMES OF MEETINGS

Resolved: That (a) it be noted that a meeting of the Committee would be held on Thursday 13 July 2017 at 5.00 p.m. and (b) meetings of the Committee be held in 2017/18 on dates and times to be determined by the Chair.

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Audit and Standards Committee Report

Report of: Director of Legal and Governance

Date: 13 July 2017

Subject: Annual Governance Statement 2016/17

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: None

Category of Report: Open

Statutory and Council Policy Checklist

<u>Financial Implications</u>
YES Cleared by: Eugene Walker
<u>Legal Implications</u>
YES Cleared by: Gillian Duckworth
<u>Equality of Opportunity Implications</u>
NO
<u>Tackling Health Inequalities Implications</u>
NO
<u>Human rights Implications</u>
NO:
<u>Environmental and Sustainability implications</u>
NO
<u>Economic impact</u>
NO
<u>Community Safety implications</u>
NO
<u>Human Resources implications</u>
NO
<u>Property implications</u>
NO
<u>Area(s) affected</u>
<u>Relevant Cabinet Portfolio Member</u>
<u>Is the item a matter which is reserved for approval by the City Council?</u>
NO
<u>Press release</u>
NO

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 efficiently, economically 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/home/your-city-council/council-operates>. 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 2017 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 Sheffield City Council contains two key elements, the internal control arrangements of the Council and also how it 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 2017 and up to the date of approval of the Annual Report and Statement of 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 its 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. 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 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 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 Audit and 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 reconfigured the Council's risk management. He currently reports to EMT every quarter and to the Audit and Standards Committee 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 the risk and performance management processes. This is to ensure that the processes used are simple and effective and meet the requirements of the Council. An e-learning module has been developed and will be integrated into the manager learning and development curriculum.

The Council has an Audit & 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 Whistleblowing 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.

Review of services 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 efficient, economic and effective use of resources

The Council needs to make well informed decisions through business intelligence to enable it 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 will continue to ensure that it prioritises its efforts and resources for the greatest impact; by having an agreed, prioritised set of strategic changes that it will make, to achieve its long term goals.

5) Financial management of the Council

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

- The work of Internal Audit.
- The external auditor's 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 Contract Management Teams 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.

During the reporting period, Personal Development Reviews (PDRs) were launched (replacing IPR's) and will continue to be used for the current year ahead. These link into the Sheffield Development Hub and enable development of a formal learning plan. Learning and Development Consultants are supporting portfolios at respective People Boards to ensure that employee matters are central to the performance management of our organisation and during the period a Strategic Workforce Board was established at a corporate level to ensure that there is clear governance.

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

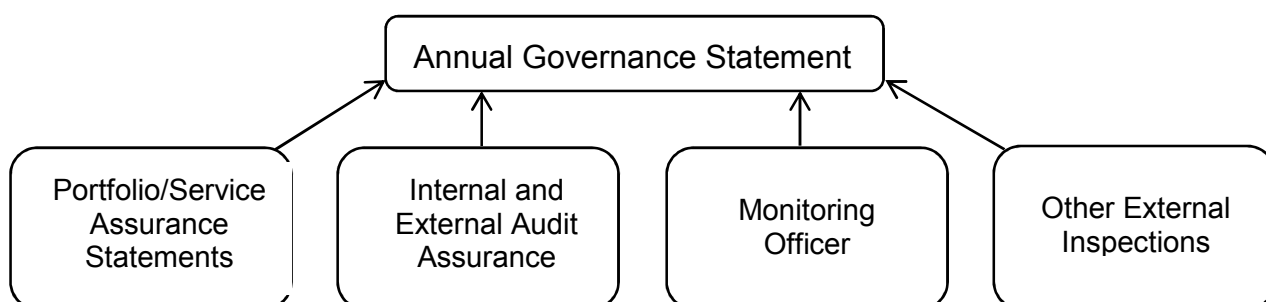
The Council also has a training programme in place, which is specifically tailored to the needs of elected Members in fulfilling their roles and responsibilities, including an induction programme for newly-elected Members.

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 Council's 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, such as 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 has commenced. 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. Internal Audit also undertakes fraud investigations and other ad hoc responsive investigations relating to the Council's control framework. This element of its work also contributes to the maintenance of a sound system of internal financial control.

Internal Audit 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 service works closely with the external auditors (KPMG) and 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 governance issues. 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 and Standards 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. This review takes place annually. 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 this 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 financial year 2016/17 all these duties have been performed.

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

During the financial year 2016/17 the Council has been inspected by a number of external agencies. 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.

For all of the inspections, where recommendations were made, assurance has been received through the annual governance declarations, that appropriate management action is being taken.

A number of schools within the city have been the subject of OFSTED inspections. The School Improvement Service follows up on each review to give advice and support to these schools.

The Council's external auditors, KPMG, issued an unqualified opinion on 20 September 2016 regarding the Council's Accounts for 2015/16.

The following significant inspection reports were received:

Service	Inspection	Date carried out - result
All Council	External Audit - Statutory Accounts 2015/16	July-September 2016 – unqualified opinion and certificate issued
Revenues & Benefits	External Audit – Housing Benefits	August-November 2016 – qualified opinion and certificate issued
CYP	External Audit – Teachers Pensions	November 2016 – Assurance Letter issued
Housing	External Audit – Pooling of Housing Capital Receipts	November 2016 – Assurance Letter issued
CYP	External Audit – Skills Funding Agency	May 2017 – Assurance Letter issued
All Council	External Audit - Statutory Accounts 2016/17	Interim Audit (part-year February 2017)

The Council has an Audit and Standards Committee that was formed in September 2016 and merged the functions of the former Audit and Standards Committees. The new Committee is made up of 7 non-Executive elected Members. 3 non-voting independent co-opted members are also appointed to the Committee to bring additional experience, independence and an external view to the Committee's work. In addition, the three Parish and Town Councils are invited to jointly send one representative when Standards matters are to be considered.

The Audit and Standards 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 Committee is also responsible for promoting high standards of conduct by Councillors and co-opted members, overseeing the Members' Code of Conduct and considering complaints where a Member may have breached the Code.

The 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, Risk Management, Governance, Standards 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 Opinion 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 closely monitor its most significant external relationships in relation to risk and governance arrangements, and are incorporated within the reports on Risk Management Updates to the Audit and Standards 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 2016/17, 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.

This review of effectiveness has highlighted the following that EMT consider are worthy of specific mention and/or require their attention this financial year.

1. Financial Overspend in Social Care: The reductions in central government funding and increasing demand for social care resulted in a financial overspend. Appropriate application of the systems of governance meant this was first highlighted in June 2016 and various mitigations were applied to reduce the final overspend. This remains one of the critical issues for the Council and plans have been developed to address the situation for 2018/19.
2. Application of the Public Sector Equality Duty (PSED): There was a Judicial Review finding of failure to demonstrate compliance with the PSED in relation to granting a license. The outcome of the case highlighted an issue that was not generally considered to be standard practice within this area of law. The specific license has been renewed and the PSED has been properly evidenced. Our procedures have been updated to ensure future compliance.

EMT will also continue to actively monitor and manage arrangements across the Council in:

3. Business Continuity: To remain assured that the Council's arrangements in the event of a disruption are robust, adequately resources and do not impact on its ability to deliver services.
4. Fraud Risk Management: That relevant staff are sufficiently trained to identify and minimise risks in this area.

EMT reviewed all High Opinion Audits from 2016/17 and considers the following as requiring specific follow up action:

5. Appointeeships: A report will be produced to ensure actions are put in place for future compliance.
6. Subject Access Requests: The Council was already aware of this issue and a strategic approach for document and records management and retention will be developed.

Significant Governance Issues

No significant control weaknesses have been identified through the Annual Governance process.


Statement

Over the coming year, Sheffield City Council proposes to take remedial actions to address the issues that have been identified. Regular updates on the progress of this work will be made available to the Council Leader.

We have been advised on the review of the effectiveness of the governance framework by the relevant Officers and a plan to enhance the Council's ability to identify and resolve weaknesses in its controls, whilst ensuring continuous improvement of the framework will commence.

We will monitor and review this implementation and operation of any new governance framework as part of our next annual review.

Signed:  **Date:** 29.6.17
Eugene Walker – Interim Executive Director of Resources (Section 151 Officer)

Signed:  **Date:** 29/6/17
John Mothersole - Chief Executive on behalf of Sheffield City Council

Signed:  **Date:** 03/7/17
Julie Dore - Council Leader on behalf of Sheffield City Council

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AUDIT AND STANDARDS COMMITTEE REPORT – 13 JULY 2017

ANNUAL AUDIT FEE LETTER 2017/18

Report from KPMG.

Summary

The letter confirms the audit work and fee proposed for 2017/18.

Recommendation

That the Annual Audit Fee Letter for 2017/18 is noted.

Category of Report - Open

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Private & confidential

Eugene Walker
S151 Officer
Sheffield City Council
Town Hall
Pinstone Street
Sheffield
S1 2HH

Our ref TC/AO

Contact Alison Ormston
0113 2313942

26 April 2017

Dear Mr Walker

Annual audit fee 2017/18

I am writing to confirm the audit work and fee that we propose for the 2017/18 financial year at Sheffield City Council. Our proposals are based on the risk-based approach to audit planning as set out in the Code of Audit Practice and Public Sector Audit Appointments Ltd's (PSAA's) published work programme and fee scales.

Planned audit fee

The planned audit and certification fees for 2017/18 are shown below, along with a comparison to the prior year's fee. All fees are exclusive of VAT.

Audit area	Planned fee 2017/18	Planned fee 2016/17
Audit fee – Sheffield City Council	£186,998	£186,998
Certification of housing benefit grant claim	TBC	£19,838

PSAA has set the 2017/18 scale fees at the same level as for 2015/16 and 2016/17, thereby preserving the 25 per cent reductions in cash terms that were applied to those years which in turn were in addition to the savings of up to 40 per cent in scale audit fees and certification fees in 2012/13. This equates to a real terms saving of 61 per cent over this period. The 2017/18 planned fee is in line with the scale fee.

As we have not yet completed our audit for 2016/17 the audit planning process for 2017/18, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary. We will naturally keep you informed.

Redistribution of Audit Commission surplus

PSAA plans, during the course of 2017/18, to make a distribution of surplus funds to principal local government and police bodies. The distribution is made possible by the transfer of an element of the Audit Commission's retained earnings prior to its closure in March 2015 and by PSAA continuing to generate surplus funds and make further efficiencies since its establishment.

This distribution will be made directly by PSAA and not via KPMG. Based on current information, PSAA anticipates that the amount of the redistribution is likely to be in the order of 15% of the scale fee.

Factors affecting audit work for 2017/18

We plan and deliver our work to fulfil our responsibilities under the Code of Audit Practice (the Code) issued by the National Audit Office (NAO). Under the Code, we tailor our work to reflect local circumstances and our assessment of audit risk. We do this by assessing the significant financial and operational risks facing an audited body, and the arrangements it has put in place to manage those risks, as well as considering any changes affecting our audit responsibilities or financial reporting standards.

Under the Code, we have a responsibility to consider an audited body's arrangements to secure economy, efficiency and effectiveness in its use of resources and to do this we will undertake appropriate value for money (VFM) audit work. The 2017/18 fees have been set on the basis that the NAO's Code and supporting guidance does not change the level of work required on the VFM audit. Should this not be the case, or if new or increased significant VFM audit risks arise that require further audit work, additional fees will be necessary over and above the scale fee. Any such additional fees will be subject to approval through PSAA's fee variation process.

Certification work

As well as our work under the Code, we will certify the 2017/18 claim for housing benefit subsidy to the Department for Work & Pensions (DWP).

The 2017/18 subsidy claim will be the final year for which PSAA will make arrangements for auditors to undertake housing benefit subsidy certification work. After the end of the transitional arrangements and the current audit contracts, PSAA has no legal power or remit in relation to assurance on claims or returns. The DWP is developing its own assurance arrangements from 2018/19 and has issued further guidance directly to local authorities. We will liaise with the Council over the future approach to this work as details emerge.

There are no longer any other claims or returns that we are required to certify under the PSAA audit contract. Assurance arrangements for other schemes are a matter for the relevant grant-paying body, and may be the subject of separate fees and tri-partite arrangements between the grant-paying body, the audited body, and the auditor. We would be happy to discuss any such certification needs with you.

Assumptions

The indicative fees are based on a number of assumptions, including that you will provide us with complete and materially accurate financial statements with good quality supporting working papers, within agreed timeframes. It is imperative that you achieve this. If this is not the case and we have to complete more work than was envisaged, we will need to charge additional fees for this work. Our assumptions are set out in more detail in Appendix 1 to this letter.

In setting the fee at this level, we have assumed that the general level of risk in relation to the audit of the financial statements and certification work is not significantly different from that identified for the current year's audit. A more detailed audit plan will be issued early next year. This will detail the risks identified, planned audit procedures and (if required) any changes in fee. If we need to make any significant amendments to the audit fee during the course of the audit, we will first discuss this with you and then prepare a report for the Audit Committee, outlining the reasons why the fee needs to change.

We expect to issue a number of reports relating to our work over the course of the audit. These are listed at Appendix 2. A statement of our independence is included at Appendix 3.

The proposed fee excludes any additional work we may agree to undertake at the request of Sheffield City Council. Any such piece of work will be separately discussed and a detailed project specification agreed with you.

Beyond 2017/18

The 2017/18 audit will be the last under the current transitional arrangements whereby PSAA is responsible for managing the audit contracts novated to it from the Audit Commission upon its closure in March 2015.

For audits of the accounts from 2018/19, the provisions of the Local Audit & Accountability Act 2014 in relation to local appointment of auditors take effect. The Secretary of State for Communities and Local Government has specified PSAA as the appointing person for principal local government and police bodies. PSAA will therefore appoint auditors and set scale audit fees for bodies that have opted into its national scheme.

Our team

The key members of our audit team for the 2017/18 audit are:

Name	Role	Contact details
Tim Cutler	Partner	tim.cutler@kpmg.co.uk 0161 2464774
Alison Ormston	Senior Manager	Alison.Ormston@kpmg.co.uk 0113 2313942
Matthew Ackroyd	Manager	Matthew.ackroyd@kpmg.co.uk 0113 2542996

Quality of service

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact me and I will try to resolve your complaint. If you are dissatisfied with your response please contact the national contact partner for all of KPMG's work under our contract with PSAA, Andy Sayers (andrew.sayers@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to:

Public Sector Audit Appointments Limited
3rd Floor
Local Government House
Smith Square
London
SW1P 3HZ

Yours sincerely



Tim Cutler
Partner, KPMG LLP

Appendix 1 – Audit fee assumptions

In setting the fee, we have assumed that:

- the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2016/17;
- you will inform us of significant developments impacting on our audit work;
- internal audit meets the appropriate professional standards;
- internal audit undertakes appropriate work on all systems that provide material figures in the financial statements sufficient that we can place reliance for the purposes of our audit;
- you will identify and implement any changes required under the CIPFA Code of Practice on Local Authority Accounting within your 2017/18 financial statements;
- your financial statements will be made available for audit in line with the timetable we agree with you (note that 2017/18 is the first year in which the 'faster close' timetable applies whereby the deadline for draft accounts moves to the end of May and the deadline for publishing audited accounts moves to the end of July);
- good quality working papers and records will be provided to support the financial statements in line with our *prepared by client* request and by the date we agree with you;
- requested information will be provided within agreed timescales;
- prompt responses will be provided to draft reports;
- complete and accurate claims and returns are provided for certification, with supporting working papers, within agreed timeframes; and
- additional work will not be required to address questions or objections raised by local government electors or for special investigations such as those arising from disclosures under the Public Interest Disclosure Act 1998.

Where these assumptions are not met, we will be required to undertake additional work and charge an increased audit fee. The fee for the audit will be re-visited when we issue the detailed audit plan.

Any changes to our audit plan and fee will be agreed with you. Changes may be required if:

- new residual audit risks emerge;
- additional work is required by KPMG, PSAA, the NAO or other regulators; or

- additional work is required as a result of changes in legislation, professional standards or as a result of changes in financial reporting.

Appendix 2: Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the Audit Committee.

Planned output	Indicative date
External audit plan	January 2018
Report to those charged with governance (ISA260 report)	July 2018
Auditor's report giving the opinion on the financial statements, value for money conclusion and audit certificate	July 2018
Opinion on Whole of Government Accounts return	TBC
Annual audit letter	TBC
Certification of grant claims summary report	TBC

Appendix 3 – Independence & objectivity requirements

Professional standards require auditors to communicate to those charged with governance, at least annually, all relationships that may bear on the firm's independence and the objectivity of the audit engagement partner and audit staff. The standards also place requirements on auditors in relation to integrity, objectivity and independence.

The standards define 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case this is the Audit Committee.

KPMG LLP is committed to being and being seen to be independent. The APBs Ethical Standard requires us to communicate to you in writing all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place, in our professional judgement, may reasonably be thought to bear on KPMG LLP's independence and the objectivity of the Engagement Lead and the audit team.

Further to this auditors are required by the NAO's Code of Audit Practice to:

- Carry out their work with integrity, independence and objectivity;
- Be transparent and report publicly as required;
- Be professional and proportional in conducting work;
- Be mindful of the activities of inspectorates to prevent duplication;
- Take a constructive and positive approach to their work;
- Comply with data statutory and other relevant requirements relating to the security, transfer, holding, disclosure and disposal of information.

PSAA's Terms of Appointment includes several references to arrangements designed to support and reinforce the requirements relating to independence, which auditors must comply with. These are as follows:

- Auditors and senior members of their staff who are directly involved in the management, supervision or delivery of PSAA audit work should not take part in political activity.
- No member or employee of the firm should accept or hold an appointment as a member of an audited body whose auditor is, or is proposed to be, from the same firm. In addition, no member or employee of the firm should accept or hold such appointments at related bodies, such as those linked to the audited body through a strategic partnership.

- Audit staff are expected not to accept appointments as Governors at certain types of schools within a local authority area.
- Auditors and their staff should not be employed in any capacity (whether paid or unpaid) by an audited body or other organisation providing services to an audited body whilst being employed by the firm.
- Auditors appointed by the PSAA should not accept engagements which involve commenting on the performance of other PSAA auditors on PSAA work without first consulting PSAA.
- Auditors are expected to comply with the Terms of Appointment policy for the Engagement Lead to be changed on a periodic basis.
- Certain other staff changes or appointments require positive action to be taken by Firms as set out in the Terms of Appointment.

Confirmation statement

We confirm that as of April 2017 in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Engagement Lead and audit team is not impaired.

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Audit and Standards Committee Report

Report of: Eugene Walker

Date: 13 July 2017

Subject: 2016/17 Statement of Accounts

Author of Report: David Phillips

Summary: The purpose of this report is to provide Members of the Audit and Standards Committee with a summary of the 2016/17 Statement of Accounts and explain the core statements and a number of the key notes to the accounts.

Recommendations: The Audit and Standards Committee is asked to note the core statements and the key notes to the Statement of Accounts for 2016/17.

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
Olivia Blake
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 AND STANDARDS COMMITTEE – 13 JULY 2017

STATEMENT OF ACCOUNTS 2016/17

Purpose of the Report

1. The purpose of this report is to provide Members of the Audit and Standards Committee with a summary of the 2016/17 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 [Statement of Accounts 2016/17](#). A full set of the final audited accounts will be presented to the Audit and Standards Committee on 14 September 2017.
2. This report also outlines the approval process for the Statement of Accounts and the Audit and Standards 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 2015 sets out the procedures for certification, approval and publication of the Statement of Accounts. The approval process is as follows:
 - 30 June 2017 – Unaudited accounts to be certified by the Executive Director of Resources. In 2017/18 the statutory deadline moves forward to 31 May; in preparation, the 2016/17 timetable achieved an earlier deadline, with the accounts certified on 9 June 2017.
 - June to September 2017 – The Statement of Accounts are subject to audit by the Authority's auditors, KPMG, and their findings will be reported to the Audit and Standards Committee in September. During this time there is a period where the public can inspect the accounts and related documents (Tuesday 13 June 2017 to Monday 24 July 2017).
 - No later than 30 September 2017 – Accounts to be re-certified by the Executive Director of Resources. In 2017/18 the statutory deadline moves forward to 31 July.

- No later than 30 September 2017 – Audit and Standards Committee considers and approves the Statement of Accounts. Following approval, the Chair of the Audit and Standards Committee signs and dates the Statement of Accounts. In 2017/18 the statutory deadline moves forward to 31 July, requiring the accounts to be certified in future at the July Audit and Standards Committee.
- No later than 30 September 2017 – Publish, on the Council’s website, the audited Statement of Accounts together with any certificate, opinion or report issued by the auditor. In 2017/18 the statutory deadline moves forward to 31 July.

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 the revenue impact of 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 entries are reversed out and replaced with an allowance for the consumption of capital (Minimum Revenue Provision). These “adjustments between accounting basis and funding basis under regulation” are shown in Note 12 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 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 the entries are reversed out, and replaced by the cash contributions to the Pension Scheme, 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 2016/17 financial year was approved by Cabinet on 21 June 2017. This reported that there was an overall deficit on the General Fund of £2.3m, before carry forward requests and movements on reserves.
10. In contrast to this deficit, the CIES reports a surplus of £151.4m. 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 surplus:

	£000
Deficit on General Fund Revenue Account (per outturn report)	2,325
Net contributions from revenue reserves	26,385
Surplus / Deficit on Housing Revenue Account	0
Deficit on Schools' Accounts	1,616
Total Contribution from Reserves	30,326
Removal of debt charges	(32,668)
Removal of pension contributions	(98,462)
<i>Items that do not affect Council Tax:</i>	
Inclusion of accounting charges for depreciation, impairment, holiday pay, PFI, etc.	(49,359)
Gains and losses on Revaluation of Non-Current Assets, Pension Assets and other items	(1,261)
Surplus on Income & Expenditure Statement	(151,424)

11. The Statement of Accounts comprise several key statements:
 - Expenditure and Funding Analysis Statement – **Appendix 1**
 - Comprehensive Income and Expenditure Statement – **Appendix 2**
 - Movement in Reserves Statement – **Appendix 3**
 - Balance Sheet – **Appendix 4**

- Cash Flow Statement – **Appendix 5**
- Key Notes to the Core Financial Statements – **Appendix 6**
- Housing Revenue Account Income and Expenditure Account – **Appendix 7**
- Collection Fund – **Appendix 8**

Expenditure and Funding Analysis Statement – Appendix 1

12. The Expenditure and Funding Analysis (EFA) shows how annual expenditure is used and funded from resources (Government grants, rents, Council Tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's portfolios / services.
13. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

Comprehensive Income and Expenditure Statement – Appendix 2

14. 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). Councils raise taxation to cover expenditure in accordance with regulations and this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Movement in Reserves – Appendix 3

15. 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.
16. 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.
17. 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.

Balance Sheet – **Appendix 4**

18. 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.
19. 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 5**

20. 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.
21. 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 6**

22. 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.
23. Attached at Appendix 6 are some of the key notes to the accounts, including the note on Officers’ Remuneration (note 37). Full details are required for senior employees, who form part of the Executive Management Team, 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.

24. The Council's outturn position for 2016/17 reported a net deficit of £2.3m 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. As well as the Expenditure and Funding Analysis Statement referred to earlier, the following note also shows the reconciliation between the outturn position and the Statement of Accounts CI&ES:
- *Adjustments between accounting basis and funding basis under regulations* (Note 12) – 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.

Housing Revenue Account (HRA) – Appendix 7

25. The HRA Income and Expenditure Statement is ring fenced from the rest of the General Fund and 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.
26. Authorities charge rents to cover expenditure in accordance with regulations, which may be different from the accounting cost.

Collection Fund – Appendix 8

27. 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 Central Government of council tax and business rates.

Key Issues for 2016/17

Net worth

28. The Council's net worth, as shown on the Balance Sheet (**Appendix 4**), has increased by the surplus from the CIES £151.4m (or 21%) in 2016/17; the major factors being:

- A net increase in the Council's fixed assets (£315.2m), primarily due to the reversal of previous impairments on council dwellings. This was due to a technical accounting adjustment that was required in 2016/17, as a result of a change in a regional adjustment factor, offset by;
- An increase in the Council's pensions' liability (£101.6m) due to the annual review by the actuary. This is an accounting adjustment determined by the Council's actuary, which is based on a number of assumptions that interact in complex ways, and;
- An increase in the council's liabilities with respect to Private Finance Initiatives (£30.9m). The majority of this increase reflects the capital expenditure invested in the Streets Ahead programme during the year.

Usable Reserves

29. As shown in the Movement in Reserves Statement (**Appendix 3**), during the year, total usable reserves decreased by £25.2m. The key reasons for the decrease in this category of reserves are as follows:
- Earmarked General Fund Reserves decreased by £26.4m during the year, largely due to an early pension deficit payment thus enabling the delivery of £5m of savings over the period 2017/18 to 2019/20.
 - Reserves used to fund capital expenditure on assets increased by £2.6m
 - The Council's usable reserves also includes £9.7m of Unallocated Reserves or General Fund Balances, which decreased by £2.9m in 2016/17. These unallocated reserves have fallen mainly as a result of the £2.3m overspend in 2016/17.
 - HRA reserves increased by £1.4m during the year.

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 and Standards Committee is asked to note the core statements and the key notes to the Statement of Accounts for 2016/17.

APPENDIX 1 – EXPENDITURE AND FUNDING ANALYSIS STATEMENT

2016/17							
	Notes	Outturn Position Reported to Internal Management £000	Adjustments for Items Not Reported to Internal Management £000	Net Expenditure Chargeable to the General Fund and HRA Balances Under Statutory Funding Provisions £000	Adjustments between the Funding and Accounting Basis £000	Other Adjustments £000	Net Expenditure in the CI&ES £000
		£000	£000	£000	£000	£000	£000
Children, Young People and Families		83,020	(6)	83,014	26,739	0	109,753
Schools		0	1,616	1,616	0	0	1,616
Communities (excluding HRA)		155,428	(575)	154,853	5,941	0	160,794
Place		153,848	(560)	153,288	113	(564)	152,837
Policy, Performance & Communications		3,455	0	3,455	0	0	3,455
Resources		52,326	(126)	52,200	(44,572)	(1,003)	6,625
Corporate		(445,751)	26,619	(419,132)	21,354	397,330	(448)
Total General Fund (GF)		2,326	26,968	29,294	9,575	395,763	434,632
Housing Revenue Account (HRA)		0	(15,697)	(15,697)	(324,254)	(6,974)	(346,925)
Net Cost of Services	9	2,326	11,271	13,597	(314,679)	388,789	87,707
Other Income & Expenditure GF		0	0	0	0	(395,763)	(395,763)
Other Income & Expenditure HRA		0	0	0	0	6,974	6,974
Other Income & Expenditure		0	0	0	0	(388,789)	(388,789)
Difference between General Fund Surplus / Deficit and CI&ES Surplus / Deficit	9	2,326	11,269	13,596	(314,679)	0	(301,082)
Opening General Fund and HRA Balance at 31 March		(193,889)					
Surplus / Deficit on General Fund and HRA Balance at 31 March		13,598					
Other Movements		14,281					
Closing General Fund and HRA Balance at 31 March*		(166,010)					

* For a split of this balance between the General Fund and the HRA – see the Movement in Reserves Statement

APPENDIX 2 – COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2015/16 Restated								2016/17		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Notes	Gross Expenditure £000	Gross Income £000	Net Expenditure £000			
			Continuing Operations:							
231,843	(134,989)	96,854	Children, Young People and Families		448,785	(339,032)	109,753			
229,143	(227,264)	1,879	Schools		207,373	(205,757)	1,616			
234,189	(58,794)	175,395	Place		203,291	(50,454)	152,837			
255,709	(87,978)	167,731	Communities (excluding HRA)		257,512	(96,718)	160,794			
8,956	(5,676)	3,280	Policy, Performance & Communications		9,594	(6,139)	3,455			
324,159	(301,094)	23,065	Resources		300,323	(293,698)	6,625			
4,560	(6,696)	(2,136)	Corporate		5,403	(5,851)	(448)			
1,288,559	(822,491)	466,068			1,432,281	(997,649)	434,632			
138,126	(161,071)	(22,945)	Housing Revenue Account (HRA)		(189,095)	(157,830)	(346,925)			
1,426,685	(983,562)	443,123	(Surplus) / Deficit on Continuing Operations		1,243,186	(1,155,479)	87,707			
		49,255	Other Operating Expenditure	14			59,130			
		74,293	Financing and Investment Income and Expenditure	15			101,201			
		(593,278)	Taxation and Non-Specific Grant Income	16			(549,120)			
		(26,607)	(Surplus) / Deficit on Provision of Services				(301,082)			
		(33,688)	(Surplus) / deficit on revaluation of non-current assets				3,638			
		(99,469)	Re-measurements of the pension net defined benefit liability				147,281			
		715	Other (gains) / losses				(1,261)			
		(132,442)	Other Comprehensive (Income) and Expenditure				149,658			
		(159,047)	Total Comprehensive (Income) and Expenditure				(151,424)			

APPENDIX 3 – MOVEMENT IN RESERVES STATEMENT

2016/17										
	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account Balance £000	Earmarked Housing Revenue Account Reserve £000	Major Repairs Reserve £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Note	29	29	29	29	29	29	29		30	
Balance at 31 March 2016	(12,599)	(169,401)	(8,176)	(3,713)	(71,827)	(44,980)	(23,444)	(334,140)	(382,850)	(716,990)
Movement in reserves during 2016/17:										
Total Comprehensive (Income) and Expenditure	38,870	0	(341,274)	0	0	61	0	(302,343)	150,919	(151,424)
Adjustments between accounting basis and funding basis under regulations	12 (9,575)	0	324,254	0	18,119	(8,192)	2,983	327,589	(327,589)	0
Net (increase) / decrease before transfers to earmarked reserves	29,295	0	(17,020)	0	18,119	(8,131)	2,983	25,246	(176,670)	(151,424)
Transfers (to) / from earmarked reserves	13 (26,385)	26,385	15,997	(394)	(15,603)	0	0	0	0	0
(Increase) / decrease in year	2,910	26,385	(1,023)	(394)	2,516	(8,131)	2,983	25,246	(176,670)	(151,424)
Balance at 31 March 2017	(9,689)	(143,016)	(9,199)	(4,107)	(69,311)	(53,111)	(20,461)	(308,894)	(559,520)	(868,414)

APPENDIX 4 – BALANCE SHEET

As at 31 March 2016 £000		Notes	As at 31 March 2017 £000
2,484,433	Property, Plant and Equipment	17	2,811,217
63,064	Heritage Assets	18	54,364
21,555	Investment Properties	19	21,955
147,627	Long term Debtors	22	165,700
2,716,679	Long Term Assets		3,053,236
15,000	Short Term Investments	20	8,000
182	Inventories		184
133,563	Short Term Debtors	23	110,858
83,914	Cash and Cash Equivalents	20 / 24	85,114
30,022	Assets Held for Sale	25	26,771
262,681	Current Assets		230,927
(25,786)	Short Term Borrowing	20	(29,431)
(130,078)	Short Term Creditors	26	(131,317)
(23,162)	Short Term Provisions	27	(30,011)
(13,838)	PFI / PPP Finance Lease Liability	20 / 45	(10,746)
(22,377)	Capital Grants Receipts in Advance	41	(34,573)
(215,241)	Current Liabilities		(236,078)
(729,208)	Long Term Borrowing	20	(732,346)
(7,951)	Long Term Provisions	27	(13,512)
(381,391)	PFI / PPP Finance Lease Liability	20 / 45	(415,410)
(795,982)	Net Pension Liability	48	(897,558)
(118,833)	Other Long Term Liabilities	28	(103,306)
(13,764)	Capital Grants Receipts in Advance	41	(17,539)
(2,047,129)	Long Term Liabilities		(2,179,671)
716,990	Net Assets		868,414
(334,140)	Usable Reserves	29	(308,894)
(382,850)	Unusable Reserves	30	(559,520)
(716,990)	Total Reserves		(868,414)

APPENDIX 5 – CASH FLOW STATEMENT

2015/16 £000		Notes	2016/17 £000
26,607	Net surplus or (deficit) on the provision of services		301,082
159,220	- Adjustment to surplus or (deficit) on the provision of services for non-cash movements	31	(148,754)
(6,321)	- Adjustment for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	31	(46,002)
179,506	Net cash flow from operating activities		106,326
(178,899)	Investing activities	32	(87,366)
24,585	Financing activities	33	(17,760)
25,192	Net increase / (decrease) in cash and cash equivalents		1,200
58,722	Cash and cash equivalents at 1 April	24	83,914
83,914	Cash and cash equivalents at 31 March	24	85,114

APPENDIX 6 – KEY NOTES TO THE CORE FINANCIAL STATEMENTS

Note 37 – Officers’ Remuneration

Under the Accounts and Audit Regulations 2015, 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.

2016/17						
Post Holder Information	Note	Salary - including Fees and Allowances	Expenses Allowances	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
		£	£	£	£	£
Chief Executive - John Mothersole		184,283	0	184,283	35,014	219,297
Executive Director - Communities (Interim)	1	132,541	0	132,541	25,183	157,724
Executive Director - Resources (Interim)		121,437	0	121,437	23,074	144,511
Executive Director - Place	2	129,254	456	129,710	21,828	151,538
Executive Director - Children Young People and Families	3	130,537	93	130,630	24,802	155,432
Director of Public Health		106,076	175	106,251	15,169	121,420
Director of Policy and Performance		82,066	0	82,066	15,593	97,659
Total		886,194	724	886,918	160,663	1,047,581
Notes:						
1	The Interim Executive Director of Communities became Executive Director of Place as of 20th February 2017.					
2	The Executive Director of Place left his position as of 19th February 2017.					
3	The Executive Director of Children, Young People and Families is additionally the Executive Director of the People Portfolio as of 20th February 2017.					

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

2015/16			Remuneration Band	2016/17		
Teachers	Other	Total		Teachers	Other	Total
45	33	78	£50,000 - 54,999	33	32	65
51	48	99	£55,000 - 59,999	33	38	71
23	10	33	£60,000 - 64,999	25	9	34
23	12	35	£65,000 - 69,999	19	18	37
14	4	18	£70,000 - 74,999	8	4	12
8	3	11	£75,000 - 79,999	3	5	8
4	14	18	£80,000 - 84,999	4	10	14
2	4	6	£85,000 - 89,999	6	3	9
1	2	3	£90,000 - 94,999	0	3	3
1	2	3	£95,000 - 99,999	0	1	1
0	0	0	£100,000 - 104,999	0	2	2
3	0	3	£105,000 - 109,999	0	0	0
0	0	0	£110,000 - £114,999	0	0	0
1	1	2	£120,000 - 124,999	0	0	0
0	0	0	£135,000 - £139,999	0	1	1
0	0	0	£175,000 - £179,999	0	1	1
176	133	309	Total	131	127	258
176	114	290	Total Excluding redundancies	130	110	240

Note 12 – Adjustments Between Accounting Basis and Funding Basis Under Regulations

2016/17									
		General Fund Balance £000	Housing Revenue Account Balance £000	Major Repairs Reserve £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
	Notes						29	30	
Reversal of items debited or credited to the CI&ES:									
Depreciation of Non-current assets		(50,199)	0	(16,985)	0	0	(67,184)	67,184	0
Impairment losses charged to the CI&ES		0	0	0	0	0	0	0	0
Revaluation losses charged to the CI&ES		(17,368)	294,803	0	0	0	277,435	(277,435)	0
Movements in fair value of Investment Properties		400	0	0	0	0	400	(400)	0
Capital grants and contributions credited to the CI&ES		69,447	0	0	0	(2,453)	66,994	(66,994)	0
Application of grants and contributions to capital financing from the Capital Grants Unapplied Reserve		0	0	0	0	5,436	5,436	(5,436)	0
Revenue expenditure funded from capital under statute		(27,849)	0	0	0	0	(27,849)	27,849	0
Costs of disposal funded from capital receipts		(83)	0	0	83	0	0	0	0
Net gain / (loss) on sale of non-current assets		(60,591)	6,086	0	(28,554)	0	(83,059)	83,059	0
Amount by which finance costs calculated in accordance with the code are different from the amount of finance costs calculated in accordance with statutory requirements		(151)	954	0	0	0	803	(803)	0
Reversal of items relating to retirement benefits debited or credited to the CI&ES		(52,757)	0	0	0	0	(52,757)	52,757	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		2,687	0	0	0	0	2,687	(2,687)	0

2016/17 (Continued)									
		General Fund Balance £000	Housing Revenue Account Balance £000	Major Repairs Reserve £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
	Notes						29	30	
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		(306)	0	0	0	0	(306)	306	0
Insertion of items not debited or credited to the CI&ES:									
Statutory provision for repayment of debt (MRP)		32,640	0	0	0	0	32,640	(32,640)	0
Voluntary provision for repayment of debt (VMRP)		0	27	0	0	0	27	(27)	0
Revenue Contribution to Major Repairs Reserve		0	22,384	(22,384)	0	0	0	0	0
Transfer of Capital Receipts (<£10k) to the General Fund and HRA		(509)	0	0	509	0	0	0	0
Transfer from Capital Receipts Reserve equal to the amount payable into the Housing Capital Receipts Pool		(3,398)	0	0	3,398	0	0	0	0
Employer's contribution to pension scheme		98,462	0	0	0	0	98,462	(98,462)	0
Capital Financing:									
Use of Capital Receipts Reserve to finance new capital expenditure		0	0	0	16,372	0	16,372	(16,372)	0
Use of Major Repairs Reserve to finance new capital expenditure		0	0	57,488	0	0	57,488	(57,488)	0
Total		(9,575)	324,254	18,119	(8,192)	2,983	327,589	(327,589)	0

APPENDIX 7 – HOUSING REVENUE ACCOUNT

Housing Revenue Account Income and Expenditure Statement			
2015/16		Note	2016/17
£000			£000
	Expenditure:		
33,366	Repairs and maintenance		35,960
52,189	Supervision and management		50,203
1,534	Rents, rates, taxes and other charges		1,350
49,151	Depreciation and impairment / losses of non-current assets	08 / 09	(278,425)
204	Debt management costs		210
1,147	Movement in the allowance for Bad or Doubtful Debts		1,063
137,591	Total Expenditure		(189,639)
	Income:		
(150,987)	Dwelling rents	11	(149,012)
(1,494)	Non-dwelling rents - garages, garage sites, shops	11	(1,494)
(7,551)	Charges for services and facilities		(6,419)
(1,039)	Contributions towards expenditure		(905)
0	HRA subsidy receivable		0
(161,071)	Total Income		(157,830)
(23,480)	Net Income / Cost of HRA Services as included in the whole Council's Comprehensive Income and Expenditure Statement		(347,469)
535	HRA share of Corporate and Democratic Core		543
(22,945)	Net Income / Cost of HRA Services		(346,926)
	HRA share of operating income and expenditure included in the Comprehensive Income and Expenditure Account:		
(1,469)	(Gain) or loss on sale of HRA non-current assets		(6,086)
13,430	Interest payable and similar charges		13,314
(255)	Interest and investment income		(254)
0	Capital grants and contributions receivable		0
(11,239)	(Surplus) / Deficit for the year on HRA services		(339,952)

Movement on the Housing Revenue Account Statement			
2015/16		Note	2016/17
£000			£000
(12,841)	Balance as at 1 April		(8,176)
(11,239)	(Surplus) / Deficit on the HRA Income and Expenditure Statement		(339,952)
690	Other Comprehensive Income and Expenditure	01	(1,322)
(7,613)	Adjustments between accounting basis and funding basis under regulation	02	324,254
(18,162)	Net (increase) / decrease before transfers to reserves		(17,020)
22,827	Transfer to / from reserves	03	15,997
4,665	(Increase) / decrease in year on the HRA		(1,023)
(8,176)	Balance as at 31 March		(9,199)

APPENDIX 8 – COLLECTION FUND

2015/16			2016/17			
Non-domestic Rates £000	Council Tax £000	Total £000	Notes	Non-domestic Rates £000	Council Tax £000	Total £000
Income:						
0	(209,295)	(209,295)		0	(220,131)	(220,131)
(213,882)	0	(213,882)	01	(217,720)	0	(217,720)
(213,882)	(209,295)	(423,177)		(217,720)	(220,131)	(437,851)
Total Income						
Expenditure:						
Precepts and Demands:						
104,661	170,837	275,498		105,413	180,431	285,844
0	19,295	19,295		0	20,256	20,256
2,136	8,637	10,773		2,151	8,944	11,095
106,797	0	106,797		107,565	0	107,565
213,594	198,769	412,363		215,129	209,631	424,760
Apportionment of Previous Years' Surplus:						
1,320	1,980	3,300		(4,893)	5,176	283
0	219	219		0	585	585
27	98	125		(100)	262	162
1,347	0	1,347		(4,993)	0	(4,993)
2,694	2,297	4,991		(9,986)	6,023	(3,963)
Charges to Collection Fund:						
665	0	665		506	0	506
2,044	5,172	7,216		1,425	3,998	5,423
(636)	0	(636)	01	2,283	(1,013)	1,270
10,196	0	10,196		3,342	0	3,342
788	0	788		778	0	778
0	0	0		1,069	0	1,069
292	0	292		783	0	783
55	0	55		0	0	0
1,806	0	1,806		0	0	0
14,545	5,172	19,717		10,168	2,985	13,171
231,498	206,238	437,736		215,329	218,639	433,968
Total Expenditure						
17,616	(3,057)	14,559		(2,391)	(1,492)	(3,883)
Movement on the Fund						
(337)	(7,787)	(8,124)		17,279	(10,844)	6,435
17,279	(10,844)	6,435		14,888	(12,336)	2,552
Opening Fund Balance				Closing Fund Balance		



Audit and Standards Committee Report

Report of: Senior Finance Manager, Internal Audit

Date: 13th July 2017

Subject: Progress on High Opinion Audit Reports

Author of Report: Kayleigh Inman, Senior Finance Manager, Internal Audit

Summary: The attached is the report of the Senior Finance Manager, Internal Audit providing an updated position on implementation of recommendations contained in audit reports issued with a high opinion.

Recommendations:

Members are asked to:

To note the contents of the report and agree to remove the following items from the tracker.

- Highways Maintenance Client Monitoring Arrangements (Place)
 - Statutory Responsibilities Health Check (Resources)
-

Background Papers:

Category of Report: Open

* Delete as appropriate

If Closed, the report/appendix is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended).'

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 AND STANDARDS
COMMITTEE
13th July 2017**

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 and Standards 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 and Standards 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 and Standards Committee.
4. This report also details those high opinion audits that Internal Audit propose to remove from future update reports. The Audit and Standards Committee is asked to support this.
5. It is pleasing to note that 76% of the recommendations included within this report have been completed. A further 23% were deemed to be ongoing, which indicates that work has started but has not yet been fully completed. Only 1 recommendation (0.7%) was considered to be outstanding.

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 and Standards Committee notes the content of the report.
2. That the Audit and Standards Committee agrees to the removal of the following reports from the tracker:
 - Highways Maintenance Client Monitoring Arrangements (Place)
 - Statutory Responsibilities Health Check (Resources)

**SHEFFIELD CITY COUNCIL
UPDATED POSITION ON HIGH OPINION AUDIT REPORTS AS AT JULY 2017**

The following table summarises the implementation of recommendations, by priority, in each audit review.

Audit Title	Total				Complete				Ongoing				Outstanding
	Critical	High	Medium	Ec/eff	Critical	High	Medium	Ec/eff	Critical	High	Medium	Ec/eff	Critical
Appointeeship Service	2	16	17	1	1	11	15	1		5	2		1
ICAT to STIT	2	7	2		2	6				1	2		
SCAS - Residential and Nursing Agreements	2	8	10	2	2	7	8	2		1	2		
The Markets Service		13	5			9	5			4			
Council Processes for Management Investigations		13	3			8	2			5	1		
Payroll Pension Arrangements		1	1			1					1		
Capital Schemes and Capital Gateway Approvals		2								2			
DOLs	2	4	5	1	1	4	5	1	1				
Safeguarding Administration		8	7	2		6	4	2		2	3		
Highway Maintenance		1				1							
External Funding		2				1				1			
Statutory Responsibilities		2				2							
Total	8	77	50	6	6	56	39	6	1	21	11	0	1

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Shaded items to be removed from the tracker

In total, updates have been provided on 141 recommendations. Of these, 107 (76%) have been implemented and 33 (23%) are ongoing, indicating work has been started but not yet fully completed. Only 1 recommendation was considered to be outstanding (0.7%).

1. Subject Access Requests, CYPF (issued to audit and standards committee 28.4.2017)

As at July 2017

This report was issued to management on the 18.1.17 with the latest agreed implementation date of 31.10.17. Due to the timescales for completion of this report, an update on progress with recommendation implementation will be included in the next tracker report.

2. Controls in Town Hall Machine Room (issued to audit and standards committee 24.5.17)

As at July 2017

This report was issued to management on the 27.4.17 with the latest agreed implementation date of 31.12.17. An update on progress with recommendation implementation will be included in the next tracker report.

3. Continuing Health Care in Learning Disabilities (issued to audit and standards committee 8.5.2017)

As at July 2017

This report was issued to management on the 24.4.17 with the latest agreed implementation date of 31.3.18. An update on progress with recommendation implementation will be included in the next tracker report.

4. Strong Economy Projects (issued to audit and standards committee 8.5.2017)

As at July 2017

This report was issued to management on the 22.2.17 with the latest agreed implementation date of 29.9.17. An update on progress with recommendation implementation will be included in the next tracker report.

5. PCI DSS Compliance (issued to audit and standards committee 8.12.2016)

As at July 2017

This report was issued to management on the 18.11.16 with the latest agreed implementation date of 30.6.17. Due to the timescales for completion of this report, an update on progress with recommendation implementation will be included in the next tracker report.

6. Appointeeship Service (issued to audit and standards committee 22.7.2016)

As at Jan 2017

This report was issued to management on the 11.7.16 with the latest agreed implementation date of 30.11.2016. Due to the timescales for completion of this report, an update on progress with recommendation implementation will be included in the next tracker report.

As at July 2017

A follow-up audit was undertaken in Feb 2017. Following this review, a number of recommendations were given revised implementation dates which have since passed and so the Head of Service has been contacted. The results reproduced below are a therefore a combination of the outcome of the follow-up review (where an audit opinion is given), and the managers update. Of 36 agreed recommendations, 28 have been completed, 7 are ongoing and 1 is

outstanding.

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position 8/06/2017.
6.1	Management should ensure that the responsibility for keeping up to date with legislation for appointeeships is clearly designated /stated. Membership of appropriate bodies should be considered. A clear process should be in place to keep all staff updated on a regular basis with new or changes to relevant legislation.	Medium	Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities Charles Crowe - SCAS Service Manager, Communities	31/11/2016	Membership of APAD not considered cost effective at this point due to financial position and attendance at other benchmarking meetings where info is shared. This decision will be reviewed each year as part of budget process. There have been no legislative changes over the past year however this is part of the team agenda as a standing item for discussion when changes are upcoming. <u>Internal Audit opinion</u> Action completed
6.2	An updated operational plan is required as soon as possible. It should reflect corporate and portfolio objectives/requirements and reflect changes in legislation that will affect service. It should detail how it is anticipated to meet the needs of the increasing service provision and how this increase will be resourced.	High	Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities Charles Crowe - SCAS Service Manager, Communities	31/08/2016	This is included in the service plan and will be updated each year. Current Service Planning for 2017/18 in process and appointeeship service included in planning. Staff awayday for service planning for 17/18 held 14.2.17. <u>Internal Audit opinion</u> Service plan 16/17 in place and reviewed. Action completed
6.3	Formal policies should be put in place defining, but not exclusively, 1) the criteria that must be met for the appointee service to be applied, 2) the standard of service that should be expected including clarity if differing levels of service are to be offered for residential and community clients 3) what should happen when a court of protection case is to be	Critical	Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities	30/05/2016	Procedures are now written and are updated as live documents, all staff within SCAS have access to these documents. <u>Internal Audit opinion</u> Internal Audit was provided with a guide for appointeeships in Care homes and one for

	managed and by whom 4) arrangements for managing deceased accounts and the return of client funds including at what point SCC relinquish control 5) for clients in care homes, at what point a new financial assessment will be requested to enable full fee paying for care package costs if funds reach the maximum allowed.		Charles Crowe - SCAS Service Manager, Communities		clients in the Community. Action completed
6.4	<p>Internal Audit recommend the business case is revisited to confirm and clarify the project plan and supporting plans to ensure a robust transition of service from the external providers.</p> <p>There should be a revised costing completed for the service, highlighting proposed costs versus actual costs including the direct costs of the new Card Payment System.</p> <p>Clarification is required as to what service users will be charged and what the impact of not charging clients will be on budgets.</p>	High	<p>Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities</p> <p>Charles Crowe - SCAS Service Manager, Communities</p>	<p>31/08/2016</p> <p>Revised implementation date 31/03/2017</p>	<p>This has not taken place. Focus has been on items which impact ongoing work. Charles Crowe, SCAS Service Manager is in discussions Commissioning Head of Service to take this forward.</p> <p><u>Internal Audit opinion</u> Despite the actions outlined in the business case (signed off in May 2015), at the time of the original audit the transfer of clients had begun. A post implementation review of the insourcing needs to be undertaken to ensure the benefits outlined have been realised and to action plan any further work required.</p> <p>Meeting arranged to review business case.</p> <p>Action ongoing</p>
6.5	In the first instance soft targets should be put in place to enable monitoring of the transfer of clients and the time taken to finalise the transition. These should include time taken to transfer clients, including time taken by DWP, time taken to issue clients new payment cards, number of payments requested in a period, number of additional transactions required in a period, number of additional direct debits set up in a period. Once clients have been transferred in-house, then further monitoring can be performed eg: new referrals in a period, which would help inform whether the referrals system is being used correctly.	Medium	<p>Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities</p> <p>Charles Crowe - SCAS Service Manager, Communities</p>	<p>30/11/2016</p> <p>Revised implementation date 31/05/2017</p>	<p>Update provided by Executor Services Manager 8.6.17</p> <p>No new cases have been accepted while systems are improved and further capacity developed.</p> <p>Monitoring is in place including number of people managed, number of new referrals each month, time from date of referral to first DWP money received.</p> <p>Action complete</p>
6.6	Management should review the risk management	Medium	Maxine	30/11/2016	<u>Internal Audit opinion</u>

	plan and incorporate more details relating to the increase of clients and funds. It should include the high risk of taking clients from Citizenship First (CF) and other external providers with no reconciliation of accounts and large values. The risk management plan should be updated on a minimum 6 month basis in the first instance to review progress of service provision.		Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities Charles Crowe - SCAS Service Manager, Communities	Part Agreed	This action was agreed by management at the time of the original audit. Given that management stated that this risk 'sits' within another team, this risk has not been included in the SCAS risk register. Internal audit noted however, that to part mitigate this risk, work was ongoing to reconcile client records, however please see comments at point 6.1 which also relates to risk management. Action complete
6.7	Management should ensure that the BCP document for SCAS includes specific reference to continuity arrangements for Executor Services and Appointeeships. This should cover, staff shortages, building unavailability and especially the unavailability or issues with the proposed card payment system and the bankline system, impacting on client cash flow. Management should password protect the completed BCP to protect staff data.	Medium	Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities Charles Crowe - SCAS Service Manager, Communities	30/11/2016	BCP plan reviewed regularly, names added as required. Full reviews take place annually <u>Internal Audit opinion</u> BCP in place and reviewed. Action complete
6.8	Management should ensure that all appointeeships documentation has clear information relating to legal requirements and any other regulations affecting appointeeships. This should be included in all policy documents as well as guidance to social workers.	High	Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities Charles Crowe - SCAS Service Manager, Communities	31/08/2016 Revised implementation date 30/06/2017	Update provided by Executor Services Manager 8.6.17 This is covered in the procedure documents in relevant sections as required. Action complete
6.9	Management should undertake a full review of the appointeeship process tasks required, especially in light of the additional services to be provided	High	Maxine Stavrianakos - Head of	31/08/2016	Procedures are now written and are updated as live documents; all staff within SCAS have access to these documents.

	<p>including pre-payment cards. The process notes should contain a flow chart and should be provided as a 'living' manual for all staff - including new starters.</p> <p>Detailed process notes should include clear wording, screen prints, file paths and signposts to finding further information, for example who to contact at the DWP and what should happen if a client loses his prepayment card.</p> <p>These documents should be revisited on a regular basis to ensure that the process is in line with corporate guidance and legislation changes.</p> <p>Appropriate training should be given to the full team informing them of the new processes therefore ensuring knowledge is not retained by one individual.</p>		<p>Neighbourhood Intervention and Tenant Support, Communities</p> <p>Charles Crowe - SCAS Service Manager, Communities</p>		<p><u>Internal Audit opinion</u> Internal Audit received and reviewed 2 appointeeship guide documents; 1 covered care homes and the other community appointeeships.</p> <p>Action complete</p>
6.10	<p>Management should review and update the guidance and documentation (including referral forms) for social workers on the Intranet and ELMA. This should be the first point of call for information on appointeeships for social workers.</p>	Medium	<p>Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities.</p>	30/11/2016	<p>Form has been designed alongside process documents.</p> <p><u>Internal Audit opinion</u> Internal Audit were provided with a copy of the referral form for both care homes and community clients</p> <p>Action complete</p>
6.11	<p>Management should review and update the request form to reflect the differing and increasing client base moving forward. As a minimum there should be a corporate layout, a review of wording and allow for the movement of required information to make it more prominent ie: criteria to qualify for SCC to be an appointee should be on the front page. The form should allow client managers to complete when the request has been sent to DWP to become the appointee and the start date for service delivery.</p> <p>Management should consider the use of a PO box to</p>	Medium	<p>Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities</p> <p>Charles Crowe - SCAS Service Manager, Communities</p>	30/11/2016	<p>This is completed and was in use prior to freeze on new cases. It will be reviewed when new cases recommence.</p> <p><u>Internal audit opinion</u> An updated request/referral form was reviewed.</p> <p>Action complete</p>

	ensure that all documentation is sent to the correct address and negate the errors of completed forms/documents being sent to the wrong address.				
6.12	<p>Management should consider introducing a proforma for requesting client funds which can be retained as part of the audit trail. This should include client details, explanation of monies required and how the payment was made as a minimum. Document retention should be electronic where possible. Internal audit acknowledge there is a capacity issue within Carefirst and Wisdom (client management system used for social care records) however this should be the first point of call for electronic document retention.</p> <p>Management should also consider making payments by cheque an exception rather than the rule in line with Council policy.</p>	Medium	<p>Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities</p> <p>Charles Crowe - SCAS Service Manager, Communities</p>	30/11/2016	<p>Proforma is now being used by the care homes when requesting money. These are generally e-mailed, some homes do not use e-mail and send by fax or post – we are working with them to move forward onto e-mail</p> <p>Less than 5 care homes still receive cheques as they have no other means to receive client funds. This is an exception not a standard practice. We are working with the remaining homes to resolve this however it is critical that these clients have access to their funds. We will escalate a formal cessation warning to the home management and will notify social workers for the affected clients.</p> <p>A long term storage solution is being pursued, and is an ongoing IT development area.</p> <p><u>Internal Audit opinion</u></p> <p>Action complete</p>
6.13	When accepting a new client, the service request form should be a mandatory document to be completed and retained on file. Where possible this should be a signed copy by the service user or the referrer as a minimum.	Medium	<p>Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities</p> <p>Charles Crowe - SCAS Service Manager, Communities</p>	30/11/2016	<p>New forms completed for all new referrals.</p> <p>This will continue to be the process once recruitment complete and capacity returns.</p> <p><u>Internal Audit opinion</u></p> <p>Action complete</p>
6.14	Management should ensure that a robust test of the	High	Maxine	31/08/2016	A pilot scheme was put in place and test group

	<p>new appointeeship process, including the new card prepayment system, is completed. The pilot scheme should ensure that the service is fit for purpose, provide the level of safeguarding required and can be delivered while managing expectations of the new and transferring-in clients. A test base of at least 20 clients (10% of the anticipated 207 clients left to transfer) with mixed service needs, should be selected to give a broad spectrum for the new prepayment cards and the test period should be for 4 - 6 consecutive weeks as a minimum to allow for monthly requests. An issues log should be retained to ensure that all queries however small can be reviewed and responses given accordingly from a management view.</p> <p>A post implementation review should be scheduled to look at the lessons learned within 6 months of the remaining clients transferring from CF.</p>		<p>Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities</p> <p>Charles Crowe - SCAS Service Manager, Communities</p>		<p>of 20 clients checked.</p> <p>This was successful and due to the timescale of the termination of the contract, transfers recommenced.</p> <p>These were taken in batches of 20-25, however due to non-compliance by Citizenship First - batches were not evenly distributed and insufficient information was provided.</p> <p>Action complete</p>
6.15	<p>Management should validate the records of clients transferring in to SCC, to ensure that DWP have the correct details. This should mitigate the risk of future claw back of funds. This risk should also be included on the risk management plan.</p> <p>It is the responsibility of the Service to inform the DWP of client changes in circumstances to avoid benefit claw back. Management should develop a process for notifying changes to the DWP to mitigate the risk in future.</p>	High	<p>Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities</p> <p>Charles Crowe - SCAS Service Manager, Communities</p>	<p>31/08/2016</p> <p>Revised implementation date 31/08/2017</p>	<p>Update provided by Executor Services Manager 8.6.17</p> <p>Any new cases will be audited and guidelines are in place for when new cases start are accepted.</p> <p>A draft of procedure has been drawn up; this will be an ongoing piece of work.</p> <p>Action ongoing</p>
6.16	<p>The costs associated with delivery of the appointee service need to be established, in order to calculate a schedule of rates for differing standards of services.</p> <p>A procedure should be established to determine who and how SCC will charge and how this will be collected. Once established, this should be communicated to all staff, key stakeholders and</p>	High	<p>Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities</p>	<p>31/08/2016</p> <p>Partly Agreed</p> <p>Revised</p>	<p>Update provided by Executor Services Manager 8.6.17</p> <p>Charging for appointeeship part of fairer charging care and as such service is included in social care income.</p> <p>Costs for service delivery based on an average</p>

	clients.		Charles Crowe - SCAS Service Manager, Communities	implementation date 31/03/2017.	cost and budget for team including proportion of on-costs. Action complete
6.17	Management should reinstate the independent check of banking transactions on a quarterly basis, specifically non DWP receipts and payments to ensure accuracy and legitimacy. These should be matched back to requests for payments to ensure the correct process has been followed and then recorded as reviewed on the banking sheets. Action should be taken if irregularities occur.	Medium	Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities Charles Crowe - SCAS Service Manager, Communities	30/11/2016	Banking is now carried out by two people per week and each one takes it in turn. This way they can each detect errors between them and bring to the managers attention. We are currently training up two more members of staff to be able to do this role; this will be an ongoing process and the intention is that all members of staff will form part of this rota. Manager does QA sample on a monthly basis. Additionally, a business case for improved IT is being developed - to be submitted by April 2017. This is to implement a new system – likely TROJAN but requires input from commercial services. <u>Internal Audit opinion</u> Action complete
6.18	Management should review the account details and ensure that policies provide robust guidance on client funds. Internal Audit recommends that the high value of funds should be recorded on the corporate risk management plan. Additionally, management should ensure that there is adequate insurance cover in place for this. Advice should also be sought from legal as to any statutory or legal requirements with the management of high value accounts, and whether SCC are delivering the best return for clients in terms of interest rates.	High	Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities Charles Crowe - SCAS Service Manager, Communities.	31/08/2016 Revised implementation date 31/03/2017	Update provided by Executor Services Manager 8.6.17 List of transfers required sent to ACM for process to appoint Deputy's. Court of Protection (CoP) process takes in excess of one year - so still ongoing. Process states that we do not accept new cases with high value assets, except as an interim to allow for deputyship to be awarded. Clarified in risk register to make clear this risk. Action complete
6.19	Management need to establish the exact number of	Critical	Maxine	31/05/2016	Charles Crowe, SCAS Service Manager is in

	<p>clients that have transferred, those yet to transfer, and the capital involved. A review of the timescales also needs to be conducted.</p> <p>With regard to those clients that have already transferred, a reconciliation of their accounts needs to be undertaken to ensure SCC have sound financial information going forward.</p>		<p>Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities</p> <p>Charles Crowe - SCAS Service Manager, Communities</p>	<p>Revised implementation date 31/08/2017</p>	<p>discussions Commissioning Head of Service to take this further.</p> <p><u>Internal Audit opinion</u> It was not clear whether the reconciliation as agreed had been undertaken.</p> <p>Please see point at 1.4 which covers the need for a post implementation review of the business case for the insourcing of appointeeships.</p> <p>Action outstanding</p>
6.20	<p>A review of cheque signatories and a fresh bank mandate is required as soon as possible, stating who the key authorisers for the Bankline account are.</p> <p>Where possible, BAC's payments should be used rather than cheques.</p>	High	<p>Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities</p> <p>Charles Crowe - SCAS Service Manager, Communities</p>	31/08/2016	<p>Mandate updated back to 4 signatories.</p> <p><u>Internal Audit opinion</u> No evidence was provided with regards to the updated mandate.</p> <p>Action completed</p>
6.21	<p>Linked to the recommendation at 1.2, an SLA should be developed and put in place. It should cover the services the team will provide, to whom, when and at what level. It should spell out the differences for residents in care homes and those in the community. Additionally, it should include the setting up of direct debits, providing advice on household providers, how the clients will be referred to the service and the relevant forms required for requesting services/payments etc. Once complete, this should inform the staffing requirements for the service.</p>	High	<p>Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities</p> <p>Charles Crowe - SCAS Service Manager, Communities</p>	<p>31/08/2016</p> <p>Revised implementation date 31/08/2017</p>	<p>SLA had been drawn up and agreed by Service Managers, this will be included in the work being done for ELMA.</p> <p><u>Internal Audit opinion</u> Copy of SLA reviewed, however this was a service offer (ie: a list of services that could be offered to clients) and not a signed, service level agreement as required per the agreed recommendation. Further work is required.</p> <p>Action ongoing</p>
6.22	<p>Management should review the amount of office cover required to ensure staff are available to deal</p>	Efficiency and	<p>Maxine Stavrianakos -</p>	Actioned	<p>Rota in place and operates well.</p>

	with any queries, especially in light of the expected increase/transfer in of appointees.	Effectiveness	Head of Neighbourhood Intervention and Tenant Support, Communities Charles Crowe - SCAS Service Manager, Communities		Call volume highest early morning declines over course of day but cover exists to match customer service hours. <u>Internal Audit opinion</u> No evidence was provided to support the statement made. Internal audit can only then take assurance from the management statement; given this is a low priority action. Action complete
6.23	Management should ensure that all temporary staff have access to guidance manuals and other training documents with regard to every aspect of the appointeeships process. As a minimum a 'how to' guide should be provided for each temp member of staff, that outlines the required tasks.	Medium	Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities Charles Crowe - SCAS Service Manager, Communities	30/11/2016	Procedures are now written and are updated as live documents; all staff within SCAS have access to these documents. <u>Internal Audit opinion</u> Internal Audit was provided with procedure documents to review. Action complete
6.24	Job descriptions for all staff who deal with appointeeships should be put in place. Each job description should be complete, cover all expected aspects of the appointeeships process and be reviewed on a regular basis.	Medium	Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities Charles Crowe - SCAS Service Manager, Communities	31/08/2016 Revised implementation date 31/08/2017	New recruitment to commence soon so will review as part of process. Existing JD last reviewed in September. A Local Allocation panel is being set up to evaluate the job. <u>Internal Audit opinion</u> Internal Audit was provided with a copy of the JD noted above. It was noted that it broadly followed the corporate template, although no date was recorded and the grade still contained the term 'SUG'. Given that remaining JD's will be reviewed upon

					recruitment, this task is ongoing. Action ongoing
6.25	<p>Management should ensure that communication between commissioning and executor services is more robust. Additionally, there is a need to provide regular communication and updates to those affected by the changes with regard to the new card payment system, both internal and external.</p> <p>A clear communication plan should be produced to ensure end-users of the new card payment system and kept informed of the progress with implementation.</p>	Medium	<p>Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities</p> <p>Charles Crowe - SCAS Service Manager, Communities</p>	30/11/2016	<p>A communication plan was drawn up by Commissioning. This was followed through as a joint partnership with commissioning. This was led by commissioning.</p> <p><u>Internal Audit opinion</u> Whilst management stated that a communication plan was not in place, no evidence was provided to support the statement made by management.</p> <p>Action complete</p>
6.26	<p>Management should formalise the stakeholders for the appointeeships service. This should include a full and up to date listing of external and internal stakeholders. It should specify how, when and what method of communication is preferred. This list should be reviewed on an annual basis.</p>	Medium	<p>Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities</p> <p>Charles Crowe - SCAS Service Manager, Communities</p>	<p>Agreed</p> <p>Revised implementation date 31/08/2017</p>	<p>Update provided by Executor Services Manager 8.6.17</p> <p>A list of stakeholders is being drawn up and preferred routes of communication are being added, this will be an ongoing piece of work. E-mail is the preferred route for all requests and each email is designated to the correct worker.</p> <p>A small minority of providers use fax or letter to make requests but we are working with these to try to move to e-mail solution.</p> <p>Key stakeholders identified by client within Carefirst to allow consistent updates across whole service.</p> <p>Action ongoing</p>
6.27	<p>Internal Audit recommended that management update the team with the Communities complaints procedure. Additionally, a formal complaints log should be set up which should be reviewed monthly to see if there are any trends, consistent challenges, expectations or errors in service that need to be</p>	Medium	<p>Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support,</p>	30/11/2016	<p>We have not had any complaints during the period 2016/17.</p> <p>Staff have been made aware of the complaints process and referenced in process documents.</p>

	addressed.		Communities Charles Crowe - SCAS Service Manager, Communities		Complaints log is reviewed in service management meeting as a standing item. <u>Internal Audit opinion</u> No evidence was provided of a complaints log, therefore internal audit have had to place reliance on management statement made above. Action complete
6.28	Management should develop and put in place a formal policy, aligned with the corporate policy on the management of confidential and personal data relating to appointeeships.	High	Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities Charles Crowe - SCAS Service Manager, Communities	31/08/2016 Revised implementation date 30/06/2017	Update provided by Executor Services Manager 8.6.17 Confidential data is held securely. Data protection training provided to all staff and updated annually. The policy references corporate data protection policy with some additional information for needs of specific service user group. This was carried out as part of a team meeting in April 2016. Temporary staff do not have access to online training system so was carried out offline. New staff will be required to complete training as part of induction. Action complete
6.29	Management should ensure that the issues raised are addressed and data being held on appointees is held more securely. Findings - documents were not password protected - personal data was being sent via unsecure email and again not password protected - client records were not stored consistently; some were in locked cupboards, some were in a locked room.	High	Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities Charles Crowe - SCAS Service Manager,	31/08/2016 Revised implementation date 31/08/2017	Update provided by Executor Services Manager 8.6.17 All staff now have GCSX emails and the spreadsheets we use can only be accessed by this team. 80% of the paperwork has now been referenced. All client files are labelled and are stored in alphabetical order by worker. Client records kept in locked storage. Keys are locked in a key

	<ul style="list-style-type: none"> - client records were mainly stored as paper records, via loose leaf not secured in manila folder - paperwork was not referenced with regard to client name, number, - the executor services safe was located on a corridor, not in an available locked room - records were stored by client manager rather than alphabetically. 		Communities		<p>cupboard at end of each day.</p> <p>Safe has to stay where it is due to weight bearing floor.</p> <p>Action ongoing</p>
6.30	<p>All team members should complete the following e-learning courses:</p> <ul style="list-style-type: none"> - Access to Information, Protecting Information Level 1, Data Protection and SCC Fraud Protection. <p>Completed training should be recorded on MyView, which the team leader should review to ensure all team members training is up to date. Further training should be picked up as part of individual performance reviews.</p>	High	<p>Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities</p> <p>Charles Crowe - SCAS Service Manager, Communities</p>	<p>30/11/2016</p> <p>Revised implementation date 31/03/2017</p>	<p>Update provided by Executor Services Manager 8.6.17</p> <p>Training complete.</p> <p>Action complete</p>
6.31	<p>Internal audit recommend that all client paper records are indexed and secured to minimise the risk of loss of data. A list of mandatory documents should be included. All correspondence should be retained within the file, and all files should be stored alphabetically. The use of a colour system could be used for easy client/manager identification.</p> <p>All client records should be updated within Carefirst to indicate SCC is the acting Appointee and electronic records should be maintained. A review of current electronic data files is required and when personal data is included then passwords should be used. Additionally, a review of user access to G drive should be completed regularly.</p>	Medium	<p>Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities</p> <p>Charles Crowe - SCAS Service Manager, Communities</p>	<p>30/11/2016</p> <p>Revised implementation date 31/03/2017</p>	<p>Update provided by Executor Services Manager 8.6.17</p> <p>Client records on Carefirst updated to indicate appointeeship status of Sheffield City Council. All correspondence retained in files. Electronic files are held in a section of the council network with limited access for only appropriate staff.</p> <p>Action complete</p>
6.32	<p>A review of service agreements for all appointees should be undertaken, to ensure consistency with charging.</p>	Medium	<p>Maxine Stavrianakos - Head of Neighbourhood</p>	<p>30/11/2016</p>	<p>See 2.8 All clients now have a service package added onto Carefirst.</p> <p>As the costing on CareFirst is primarily an</p>

			Intervention and Tenant Support, Communities Charles Crowe - SCAS Service Manager, Communities		advisement to ACM that this service has a cost this has been left in place as £13. This was discussed with Finance Business Partner. This was communicated to relevant heads of service and agreed. <u>Internal Audit opinion</u> The comments as per 2.8 relate to costings. Taking into consideration the managers comments made at the time of the original audit, the action taken appears adequate. Internal audit viewed the costings workings, but no other evidence was provided on the consistency of data held. This will need to be examined at the next audit of appointeeship data. Action complete
6.33	Management should ensure that all staff are aware of and follow the corporate clear desk policy and secure client data and other files at the end of every working day.	Medium	Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities Charles Crowe - SCAS Service Manager, Communities	30/11/2016	Clear desk policy reminder issued. Recent check shows no files on desks – some process documents and Regular checks on Clear desk policy by Service manager. Failure to comply will be raised with team managers where identified. <u>Internal Audit opinion</u> Action complete
6.34	Management need to ensure that Executor Services are made aware of the Information Risks and Security Incidents Information on the intranet and that guidance is put in place to ensure breaches are managed accordingly.	High	Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities Charles Crowe - SCAS Service	31/08/2016 Revised implementation date 30/06/2017	Update provided by Executor Services Manager 8.6.17 Part of procedure documents. Policy has been revised to cover need to refer to corporate policy on data breaches and action taken to follow latest corporate policy. It is also part of training for data security awareness that is in place.

			Manager, Communities		Action complete
6.35	Management should update the risk management plan to cover the potential fraud risks associated with the transfer of clients from Citizenship 1st and RFS without any reconciliation of accounts. Additionally, management should include the risk and treatment of the monies sat in the bankline account.	High	Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities Charles Crowe - SCAS Service Manager, Communities	31/08/2016 Revised implementation date 30/06/2017	Risk covered in risk plan and clarified to be more explicit. Action complete
6.36	Fraud awareness training should be undertaken, for all staff, ideally to be completed before the start of the next financial year.	High	Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support, Communities Charles Crowe - SCAS Service Manager, Communities	31/08/2016 Revised implementation date 31/08/2017	Update provided by Executor Services Manager 8.6.17 In-house training has been put in place to look when and where a case needs to be referred in case of fraud and how to do so. This is also covered in the procedure documents. Fraud prevention training has now been put in the training manual so staff have a good understanding of what to look for and what to do in this event. Option of external training to be explored subject to budget constraints. Awaiting completion of new corporate fraud training. Action ongoing

7. Intermediate Care Assessment Team (ICAT) to Short Term Intervention Team (STIT) (issued to audit and standards committee 22.7.2016)

As at Jan 2017

This report was issued to management on the 11.7.16 with the latest agreed implementation date of 30.11.2016. Due to the timescales for completion of this report, an update on progress with recommendation implementation will be included in the next tracker report.

As at July 2017

A follow-up audit was undertaken in Feb 2017. Following this review, a number of recommendations were given revised implementation dates which have since passed and so the Head of Service has been contacted. The results reproduced below are a therefore a combination of the outcome of the follow-up review (where an audit opinion is given), and the managers update.

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position - provided by Head of Access and Prevention, Communities 10/5/2017.
7.1	It is recommended that a service or operational plan (or similar) is developed with more detail than existing documentation, to include items such as budgets, objectives, targets etc. with clear links to Council and City Outcomes.	Medium	Sara Storey – Head of Access and Prevention, Communities	30/11/2016 Revised implementation date : 30.9.17	Service planning has commenced for 17/18. No completed plans are available yet. This is inextricably linked with the adult social care re-structure which is due to be implemented 1.8.17. Action ongoing
7.2	All job descriptions should be updated in line with current council templates and standard information. There should be an additional section which details the worker's responsibilities in the ICAT team.	Medium	Sara Storey – Head of Access and Prevention, Communities	30/11/2016 Revised implementation date : 30.9.17	Some job descriptions to be reviewed separately to the current on-going MER in adult social care. A decision was taken to delay doing this while the initial stages of the MER consultation were happening. This is not related solely to ICAT as these jobs exist across care and support. Action ongoing
7.3	Management need to ensure that additional caseloads in ICAT as a result of slow provider pick up are identified and reported to senior management to demonstrate the impact this is having on workloads. Senior management should take appropriate action to reduce the impact of this.	High	Sara Storey – Head of Access and Prevention, Communities Janet Burke – Service Manager	30/11/2016	There is now a process of escalation in relation to workloads and impacts. <u>Internal Audit opinion</u> Internal Audit were provided with the Adult Social care escalation policy to review, of which STIT contact time and unit costs were used as an indicator Action complete.
7.4	Measurable targets and PI's for ICAT be put in place. These should be monitored and reported on a regular basis so staff and management are aware of them. Management should take appropriate action where	High	Sara Storey – Head of Access and Prevention,	Actioned	Robust process of escalation and reporting re agreed targets for assessment and 'one off' pieces of work in place.

	required.		Communities		<p>It was further stated that workloads and impacts were submitted weekly by three team managers to senior managers to quantify the pressure on the service and alert senior managers to the need for remedial actions</p> <p><u>Internal Audit opinion</u> Internal Audit was provided with evidence of reporting of workloads and instances of escalation. Given that this was a part agreed recommendation, the action taken is seen as adequate.</p> <p>Action complete.</p>
7.5	ICAT and STIT management should work together and ascertain the discrepancies with service user numbers. Once agreed, data and service user numbers should be subject to periodic checks to ensure accuracy. This will be vital to ensure accurate charging for service users.	High	Sara Storey – Head of Access and Prevention, Communities	31/08/2016	<p>Management consider this issue to be resolved. There are no concerns since this audit was carried out with regard to customers 'missing' from any list. Staffplan is the repository for customers on STIT. A weekly report is produced of customers on STIT. There have not been any queries about the accuracy of this data.</p> <p>Action complete</p>
7.6	Regular reporting of STIT service users and costs to senior management should be put in place. This should include those users approaching the six week point and service users in STIT and their associated costs. This should form part of the suite of performance measures for the STIT service. This should enable a joint approach to be implemented with SCAS and Commissioning.	High	Sara Storey – Head of Access and Prevention, Communities	Actioned	<p>Internal Audit was provided with a STIT report for September 2016 data which provided analysis on clients and hours by a north/south team split and over a number of different care categories (eg: STIT/AR/CICs)</p> <p>Internal Audit was also provided with copies of the weekly report, circulated internally to managers which provided details of numbers of clients and hours on STIT.</p> <p>Additionally Internal Audit was provided with quarterly monitoring reports which detailed unit costs.</p>

					Action complete
7.7	Charging for STIT service users past the six week point should be put in place. A charging policy should be developed and implemented. It should clearly state each team's responsibilities with regard to ensuring that charging can take place, with clear guidance as to how charging takes place. It should state monitoring and reporting required between teams and provide clear pathways for feeding back issues that could affect charging.	Critical	Sara Storey – Head of Access and Prevention, Communities	Actioned	Charging is in place. <u>Internal Audit opinion</u> Internal Audit was directed to the online Fairer Contribution policy which covered intermediate care. Action complete.
7.8	Management should agree the basis for the calculation of STIT costs and a reporting process should be put in place to inform and alert senior management to high costs of individual service users remaining on STIT for over six weeks.	Critical	Sara Storey – Head of Access and Prevention, Communities	Actioned	Completed. A process is in place and costs are reported to CSLT quarterly or as required. <u>Internal Audit opinion</u> Evidence of monthly reporting on performance was provided. This included analysis on unit costs. Action complete
7.9	It is recommended that data from STIT regarding service users is checked against other sources of information to ensure that the Staff plan reports are correct for charging purposes.	High	Sara Storey – Head of Access and Prevention, Communities	31/08/2016	As above. <u>Internal Audit opinion</u> Internal Audit was provided with a staff plan report that provided details of hours provided. This is used to support other reporting. Action complete
7.10	A data cleanse of the open service packages on CareFirst with regards to STIT/in-house packages should be undertaken with old service packages being closed and a differentiation made on the packages between these two types of packages. Once this data cleanse is complete, packages on CareFirst should be checked periodically to ensure that data is correct on an ongoing basis. This should be instigated once the data cleanse has taken place.	High	Sara Storey – Head of Access and Prevention, Communities	30/11/2016 Revised implementation date 1.7.2018	No update – Whole Family Case Management (WFCM) is due for implementation in 2018 and this action will not change before then. Action dependent on introduction of new system – ongoing but with a long implementation date
7.11	Training should be given to those workers who input	High	Sara Storey –	30/11/2016	Completed.

	and close packages on CareFirst to ensure consistency and to enable robust STIT charging.		Head of Access and Prevention, Communities		
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8. SCAS - Residential and Nursing Agreements (issued to audit and standards committee 1.8.2016)

As at Jan 2017
This report was issued to management on the 12.7.16 with the latest agreed implementation date of 30.04.2017. An update on progress with recommendation implementation will be included in the next tracker report.

As at July 2017
A follow-up audit was undertaken in May 2017 and the results are reproduced below.

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position - provided by Head of Access and Prevention, Communities 10/5/2017.
8.1	An updated operational plan is required as soon as possible. It should reflect corporate and portfolio objectives/ requirements and reflect changes in legislation that will affect service. It should detail how it is anticipated to clear the backlog of activities and how this will be resourced.	High	Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support Charles Crowe - SCAS Service Manager	30/09/2016	Service plan now in place. <u>Internal Audit opinion</u> Internal Audit was provided with and reviewed the service plan for 2017/18. It was found to include the services that made up SCAS, was broken down to six service objectives and it broadly included reference to allocating resources to improve productivity. Action completed.
8.2	A review of key performance indicators should be completed to enable more relevant management information to be available. Relevant measures to determine how many packages have been completed within different time brackets for example within 8 weeks, between 8-12 weeks, between 12–24 weeks, and how	Medium	Maxine Stavrianakos- Head of Neighbourhood Intervention and Tenant Support	31/12/2016 Revised implementation date 30/09/17	KPI's have been reviewed. The KPI's in place show processing time on average, numbers of referrals received, and trend over time. These are broken down by team and by type of support including residential. <u>Internal Audit opinion</u>

	<p>many over 6 months. The breakdown of package type i.e. short term/long term care should be included.</p> <p>Structured KPI's would highlight where issues are and assist management to establish if there are training and communication requirements which would help speed up the process.</p>		<p>Charles Crowe - SCAS Service Manager</p>		<p>Internal Audit was provided with the revised KPI dashboard in place. Whilst it covered waiting times for clients awaiting service it did not include a breakdown of package type as per the agreed recommendation. Internal Audit considers that further work is therefore required, as per the agreed recommendation.</p> <p>Action ongoing</p>
8.3	<p>As part of the F3 contract review, targets should be considered around the completion of all contracts. Implementing SMART targets would assist in performance management and give measurable data for improving the service. Achievable targets would help staff be more proactive in their approaches.</p>	Medium	<p>Maxine Stavrianakos- Head of Neighbourhood Intervention and Tenant Support</p> <p>Charles Crowe - SCAS Service Manager</p>	31/12/2016	<p>The target for the team to complete an F3 is 2 weeks.</p> <p>Significant changes to the process are to come into effect which will allow monitoring of the work within SCAS excluding time with providers.</p> <p>Chasing of F3's is carried out monthly to accompany remittance advice to the provider.</p> <p><u>Internal Audit opinion</u> Internal Audit was provided with the process for chasing F3's.</p> <p>Action completed</p>
8.4	<p>Resources should be allocated to clear outstanding activities as soon as possible along with a review of the impact completing the activities has had. For example, what financial impact there would be on the 16/17 budget and, if possible, what impact the delays may have had on client care.</p>	High	<p>Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support</p> <p>Charles Crowe - SCAS Service Manager</p>	30/09/2016	<p>Resources were allocated to allow the chasing of unreturned F3 from the providers. This was completed a few times without success in getting the unreturned F3 back from the providers. We have now, however, got a process to allow a monthly chasing. We have also been able to build a report that will allow us to quantify in financial terms the value of the unreturned F3's.</p> <p><u>Internal Audit opinion</u> Internal Audit was provided with the process for chasing F3's and a spreadsheet which listed all those F3's classed as 'unreturned' ie: outstanding. Internal Audit was told that if an F3</p>

					is not returned, the supplier does not get paid. Action completed
8.5	Management should consider adding an item on the SCAS risk register relating to the backlog of activities to recognise that there is service, client and financial risks associated with the outstanding tasks.	Medium	Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support Charles Crowe - SCAS Service Manager	31/12/2016	Mitigations in place that reduce below threshold and held on SCAS risk register. <u>Internal Audit opinion</u> Internal Audit was provided with the SCAS risk register which showed an entry relating to delays in processing requests for care. This has been included in January 2017 and was next due to be reviewed in July 2017. Action completed
8.6	It is recommended that the business continuity plan is updated to reflect the changing environment and update staff changes. This should be completed on a yearly basis.	Medium	Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support Charles Crowe - SCAS Service Manager	31/12/2016	Business continuity plan reviewed. <u>Internal Audit opinion</u> Internal Audit was provided with the business continuity plan for the service. This has been updated in January 2017. Action completed
8.7	It is recommended that the Review of Contractual Arrangements Discussion Paper and recommendations are revisited and implemented. A working party should be set up between management, contract services, the commissioning team and service deliverers to deliver a robust contract that is in line with SCC policies and procedures as well as linking more closely with CCG & CQC with a view to sharing information and streamlining processes.	Critical	Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support Charles Crowe - SCAS Service Manager	30/06/2016	The Head of Service raised this with Commissioning and consideration is now being given by Commissioning and Commercial Services to new contractual arrangements. Action now outside of SCAS. <u>Internal Audit opinion</u> Action completed

8.8	<p>Management should undertake a full review of the SCAS nursing and residential process tasks required. The process notes should contain a flow chart and should be provided as a 'living' manual for all staff - including new starters. The guidance should include clear wording, screen prints, file paths and signposts to finding further information.</p> <p>The documents should be revisited on a regular basis to ensure that the process is in line with corporate guidance and legislation changes in particular reference to the Care Act 2014.</p> <p>A clear list of roles and responsibilities is required for the team covering the F3 contract process.</p>	High	<p>Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support</p> <p>Charles Crowe - SCAS Service Manager.</p>	30/09/2016	<p>Process manual in place produced by temporary acting role. As a living document this is on rolling review and continues to be improved.</p> <p><u>Internal Audit opinion</u> Internal Audit was provided with all the process notes compiled.</p> <p>Action completed</p>
8.9	<p>Timescales should be put into place for completing F3 contracts to enable timely payments to providers. While ownership sits primarily with social workers and providers to obtain the correct information, the onus should be on the team to carry out proactive chasing of contracts issued. This would mitigate potential charging errors to clients and reduce possible eviction notices.</p>	High	<p>Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support</p> <p>Charles Crowe - SCAS Service Manager</p>	30/09/2016	<p>Chasing of unreturned F3's has been carried out on a number of occasions. This is now built into current processes to be done on a monthly basis.</p> <p>This has not resolved the issue with a number of providers and escalation has been carried out resulting in a review of the process. Further action is being considered by Commissioning and Commercial Services to implement recommended changes to contractual framework (see 2.1).</p> <p><u>Internal Audit opinion</u> Internal Audit was provided with the process for chasing F3's.</p> <p>Action completed</p>
8.10	<p>In the interim, prior to the completion of the F3 review, all forms should be updated to reflect the changes that have taken place within teams. If a process has been updated outside of the financial procedures document, this should be communicated alongside the amended forms ie RA1 process.</p>	Critical	<p>Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant</p>	30/06/2016	<p>Communication to providers is done electronically via secure email for F3's, remittance advices and chasing of unreturned F3's.</p> <p>Providers are using electronics returns for RA1</p>

	Where possible electronic returns should be introduced and if not, it is recommended that a PO Box be used as a return address to enable tracking of documents and reduce the risk of missing post.		Support Charles Crowe - SCAS Service Manager.		as appropriate to their business. Providers have been advised to use electronic communication. <u>Internal Audit opinion</u> Action completed Please note: Internal Audit have not conducted further onsite testing to validate the assurance provided by the Head of Service.
8.11	A system based process should be implemented to track outstanding contracts and be implemented as part of proactive working. By adding an electronic tag/record to a contract, an auditable trail would be produced which would support proactive working methods.	High	Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support Charles Crowe - SCAS Service Manager.	30/09/2016	F3's are tracked electronically via Carefirst. Processes have been amended to include practices that allow reporting on unreturned F3's and enable monthly chasing of these. Month chases go to providers. <u>Internal Audit opinion</u> Internal Audit was provided with the process for chasing F3's. Action complete
8.12	Greater measures should be put in place to understand uncompleted F3 contracts for permanent and respite care. A report showing contracts over 3, 6, 9, 12 months old for example, would enable the team to work proactively by contacting social workers and providers to enable speedier payments. It would assist in the monitoring of budgets and give management a better understanding of potential budget pressures. The measures required are dependent on the work to be completed on the F3 contract which will have a direct impact on the whole delivery of the payments processes required in future.	Medium	Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support Charles Crowe - SCAS Service Manager.	31/12/2016	This is now built into process: F3's are tracked electronically via Carefirst. Processes been amended to include practices that allow to report on unreturned F3's and enable monthly chasing of these. In addition SCAS is liaising with Contracts and Commissioning to inform them of which contracts are being chased to enable them to raise these as part of contract monitoring activities. <u>Internal Audit opinion</u> Action complete
8.13	In line with the SCC Information Security policy passwords should not be shared under any	High	Maxine Stavrianakos -	30/09/2016	Management addressed this with staff in team meetings. Regular reminders have been issued

	<p>circumstances. Management should ensure staff adheres to this policy at all times.</p>		<p>Head of Neighbourhood Intervention and Tenant Support</p> <p>Charles Crowe - SCAS Service Manager.</p>		<p>and all staff are required to complete data security training.</p> <p><u>Internal Audit opinion</u></p> <p>Action completed.</p>
8.14	<p>As part of the review of timescales for completing F3 contract by SCC staff, as per the recommendation earlier, a review of timescales should be implemented and responsibility awarded to relevant parties to complete.</p> <p>While it is acknowledged that there are always difficulties obtaining information or signatures, these should be classed exception rather than the norm and where possible a time period should be enforced for completion. Implementing timescales will by its nature encourage smarter returns.</p>	Medium	<p>Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support</p> <p>Charles Crowe - SCAS Service Manager</p>	31/12/2016	<p>As per 2.5 and 2.6 above chasing of unreturned F3's is now built into processes on a monthly basis. We are escalating the information to Contract and Commissioning.</p> <p>Financial assessment letters are being issued to the social workers, the service users/family or financial agents and the providers once a financial assessment is completed. These are sent to the care home via secure e-mail.</p> <p><u>Internal Audit opinion</u></p> <p>Internal Audit viewed a copy of the letter used to chase unreturned F3's. It clearly stated what was required by providers and when.</p> <p>Action completed.</p>
8.15	<p>The review of the RA1 form should be completed as soon as possible. The format of the form should include guidance boxes to remind providers why they need to complete certain data and allow them to chase outstanding payments for clients. Consideration should be given to adding a column for 'internal use only' which could be used to add date the form was received, if contract details are correct and what the anticipated value of the claim is etc.</p> <p>Communication of the new form should be sent to providers along with guidance on the expectation of usage.</p>	High	<p>Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support</p> <p>Charles Crowe - SCAS Service Manager</p>	30/09/2016	<p>New RA1 in place and in use. Using secure e-mail through approach alongside F3 contracts as system used by Safeguarding team not suitable for SCAS use at this time.</p> <p><u>Internal Audit opinion</u></p> <p>Internal Audit clarified that the service receives the RA1 using secure email.</p> <p>Action completed.</p>

	Consideration should be given to obtaining a PO Box for returns.				
8.16	A review of the RA1 log and how it is used should be undertaken. Consideration should be given to adding dates and approximate values to the log so that management can pinpoint if there are potential financial issues.	Medium	Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support Charles Crowe - SCAS Service Manager.	31/12/2016	RA1 log reviewed in consultation with Commissioning. It was agreed that a minimal model was better in practice to reduce administrative burden. <u>Internal Audit opinion</u> Action completed.
8.17	Monthly reconciliation should be completed of RA1 forms submitted against OEO payments made to ensure that the anticipated expenditure for care home provision has actually been paid and that the Carefirst reconciliation matches. A payment period tolerance should be introduced and where contracts are exceeding this, explanations why and what affect this will have should be reported to management. More awareness is required about the contract dates covered when processing invoices for payment. It should be considered when looking at the future Carefirst system requirements, that it should be able to provide invoice and payment analysis so that it can support more robust budgeting and reconciliations.	High	Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support Charles Crowe - SCAS Service Manager.	30/09/2016 Revised implementation date 30/09/17	We have been working to effectively and efficiently chase the RA1 on a monthly basis. This work is currently being finalised as we are testing it. This work also include liaising with Contracts and Commissioning to be included in monitoring activities and for escalation purposes <u>Internal Audit opinion</u> Internal Audit was provided with the 'chasing RA1 process' notes in place. Internal Audit, spoke to the finance business partner about the responsibility for carrying out a reconciliation of RA1 payments to OEO and clarified that this in not a finance role, but belongs in service – as per the recommendation. Further action required. Service need to liaise with FBP to clarify the responsibilities of the Service, and agree an approach for reconciling payments to providers. Action ongoing.
8.18	Management should review the RA1 submission	Medium	Maxine	31/12/2016	RA1 in place on electronic format.

	<p>process and make it electronic. This would speed up the processing of the RA1 forms and give officers more time to investigate recurring issues ie if a client name is continually being submitted, establish if they should have a contract or be a full fee payer. It would enable providers to include more details with the submission in a more timely manner.</p> <p>Once the electronic system has been developed, monitoring and reconciliation work can take place and give more assurance to managers re outstanding workloads.</p> <p>The monitoring document should contain a current list of full fee paying clients and S117/Health clients that is regularly updated and can be referred to thus saving time in the payments process.</p>		<p>Stavrianakos - Head of Neighbourhood Intervention and Tenant Support</p> <p>Charles Crowe - SCAS Service Manager.</p>		<p>Larger scale changes to use of RA1 and other processes included in review of F3 contractual arrangements sat within Contracts and Commissioning.</p> <p><u>Internal Audit opinion</u> Internal Audit was provided with the 'chasing RA1 process' notes in place, and an electronic copy of an RA1</p> <p>Action completed</p> <p>Action now outside the remit of SCAS.</p>
8.19	<p>It is recommended that the distribution of the new financial year payment timetable be used as an opportunity to update providers of other changes that may have taken place and future work being planned and remind them of their responsibilities for returning F3 contracts in a timely manner.</p> <p>This should be sent separate to the remittance advice as is the current process to avoid any confusion. It should be sent electronically where possible to both the head office and individual care homes so that there is no failing to see the documentation.</p>	Efficiency/ effectiveness	<p>Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support</p> <p>Charles Crowe - SCAS Service Manager</p>	30/04/2016	<p>Timetable is now distributed electronically</p> <p>Timetable is sent electronically to the email addresses communicated by the homes. This is sent with the remittances advices as it helps them with confirming dates of period when payments were made.</p> <p><u>Internal Audit opinion</u></p> <p>Action completed</p>
8.20	<p>Management should ensure that all staff are aware of and follow the information security policy and secure client data and other files at the end of every working day. All files should be locked away when not in use. Keys should be stored in a lockable cupboard and not in the doors at night.</p> <p>After discussions with management, internal audit accept that there changes have been made with regards to greater cupboard security.</p>	Medium	<p>Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support</p> <p>Charles Crowe - SCAS</p>	30/09/2016	<p>Key safe in use.</p> <p>Data security training completed by all staff and regularly refreshed as per corporate standard.</p> <p><u>Internal Audit opinion</u></p> <p>Action completed.</p>

			Service Manager		
8.21	<p>Management should consider the validity of retaining paper and electronic copies of documentation with a view to utilising more complete electronic records with tracking possibilities. The question of whether paper copies should be retained if stored electronically should be explored.</p> <p>Communication to all users of Carefirst and Wisdom should be undertaken to remind staff of the importance of timely document retention.</p> <p>The Communities Document Retention and Disposal Practice Guidance 2015 (available on Sharepoint) provides information regarding paper and electronic records.</p>	Efficiency/ effectiveness	<p>Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support</p> <p>Charles Crowe - SCAS Service Manager</p>	30/11/2016	<p>The Communities Document Retention and Disposal Practice Guidance 2016 circulated to staff and discussed.</p> <p>Electronic storage only used for or res/nursing with the exception of RA1's. Council archiving used for RA1's.</p> <p><u>Internal Audit opinion</u></p> <p>Action completed.</p> <p>Please note: Internal Audit have not conducted further onsite testing to validate the assurance provided by the Head of Service</p>
8.22	<p>Fraud awareness training should be undertaken by all staff as soon as possible, to ensure that all staff are aware of the process in place.</p>	Medium	<p>Maxine Stavrianakos - Head of Neighbourhood Intervention and Tenant Support</p> <p>Charles Crowe - SCAS Service Manager</p>	<p>30/09/2016</p> <p>Revised implementation date</p> <p>30/11/17</p>	<p>Training removed last year and currently under review by Internal Audit. SCAS to be informed once the training is available</p> <p><u>Internal Audit opinion</u></p> <p>Fraud awareness training e-learning package is in the process of being updated by Internal Audit. Implementation date for this training is July 2017.</p> <p>This will then be rolled out corporately via the Sheffield Hub training database.</p> <p>Therefore the service will action this when this is rolled out.</p> <p>Action ongoing – due to the corporate roll out of e-learning package.</p>

9. The Markets Service (issued to audit and standards committee 28.9.2016)

As at Jan 2017

The final report was issued to management on the 9.9.16 with the latest agreed implementation date of 31.3.2017. Due to the timescales for completion of this report, an update on progress with recommendation implementation will be included in the next tracker report.

As at July 2017

A follow-up audit was undertaken in May 2017 and the results are reproduced below. Of 18 recommendations agreed, 14 have been implemented and 4 are ongoing. Please note: Internal Audit have not conducted further onsite testing to validate the assurance provided by the Head of Service.

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated Position & Revised Timescale from Richard Eyre, Head of Markets. 16/05/2017
9.1	<p>Internal Audit notes the intentions of the Head of Markets and recommends that arrangements be put in place for the systematic replacement of all Moor Market Tenancies at Will with the preferred 5-year leases.</p> <p>Arrangements should include the monitoring of responses from traders to ensure that all leases are implemented on a timely basis and that no traders continue to operate on Tenancies at Will after an agreed date.</p>	High	Head of Markets	<p>30/12/2016</p> <p>Revised implementation date</p> <p>30/11/17</p>	<p>Three lease agreements have been drafted by Legal.</p> <p>To implement across the market it would be extremely difficult as there is no financial incentive for the trader to move onto a new lease as it will cost the trader more.</p> <p>Agreed that all tenancies at will shall be transferred to leases with 3 months break clauses.</p> <p><u>Internal Audit opinion</u></p> <p>Given that work is ongoing to transfer the tenancies at will, Internal Audit considers that this work is yet to be completed.</p> <p>Action ongoing</p>
9.2	<p>Markets Management should carry out a thorough review of all Crystal Peaks Market traders to identify all of those without a current 5-year lease. All such traders should then be placed on a 5-year lease or removed from the Market.</p> <p>Robust arrangements should be put in place across the Markets Service for the monitoring of traders</p>	High	Head of Markets	<p>31/03/2017</p> <p>Revised implementation date</p> <p>31/07/2017</p>	<p>Majority completed and full completion before end of July 2017. Delays as all licenses and leases need to be fully audited due to poor management previously. Revised and realistic deadline agreed by HoS.</p> <p><u>Internal Audit opinion</u></p>

	<p>leases to ensure that:</p> <ul style="list-style-type: none"> - No trader is given access to market stalls without first having returned a fully signed lease; and - All leases due for renewal are identified and actioned in advance of the termination date. <p>Over and above this, Markets management should seek guidance from Legal & Governance as to the recoverability of arrears relating to traders without a current lease, as well as the Council's vulnerability to legal obligations in relation to prolonged occupation by traders without lease or licence. Where arrears were considered to be irrecoverable, arrangements should be made to write-off the income.</p>				Action ongoing
9.3	<p>Management should exercise appropriate control and security over stall and warehouse keys. Traders should be informed that the passing on of keys to other traders will not be tolerated and be required to return keys promptly for vacated premises.</p> <p>Markets management should carry out regular spot-checks to ensure that vacant warehouse units are not being used.</p> <p>Informal access to stalls and warehouses should not be provided. Wherever necessary, appropriate temporary lease arrangements should be entered in to and recorded in the appropriate tenancy files and arrangements made to recharge for these lettings.</p>	High	Head of Markets	30/11/2016	<p>All actions completed 28/02/2017.</p> <p><u>Internal Audit opinion</u></p> <p>Action complete</p>
9.4	<p>Traders should not be allowed to trade from their stalls prior to the start of their leases. Markets management should inspect the market floor on a frequent basis to ensure that there is no unauthorised trading from market stalls.</p>	High	Head of Markets	<p>31/03/2017</p> <p>Revised implementation date 31/07/2017</p>	<p>All traders informed that they cannot use empty stalls for storage and regular checks are carried out.</p> <p><u>Internal Audit opinion</u></p> <p>Action complete</p>
9.5	<p>Traders should be reminded that unauthorised access</p>	High	Head of	30/09/2016	SOP in place.

	<p>to other units will not be tolerated.</p> <p>Robust arrangements should be put in place to ensure that all keys are recovered from traders vacating units. Where those keys are not forthcoming or keys are known to have been duplicated or passed on to other traders, appropriate arrangements should be made to secure the units in question and recharge the former tenants for the cost of repairs.</p> <p>Consideration should be given to the withdrawal of the traders discount arrangements and the recharging of the unauthorised use of any units from the point that they were vacated by the previous occupant.</p>		Markets		<p>All traders have been reminded, and continue to be, that they are not allowed unauthorised access to other units. Full clear out of stalls underway (and will be completed by end of May) to get rid of clutter etc so that every vacant stall is completely empty to enable easier monitoring of unofficial use.</p> <p>Checks now form part of the security team's weekly checks. Any issues raised to the Market Manager.</p> <p><u>Internal Audit opinion</u></p> <p>Action complete</p>
9.6	<p>Traders found to be encroaching across adjoining units or public areas should be required to remove their stock and/or fixtures.</p> <p>Action should be taken against those continuing to do so.</p>	Medium	Head of Markets	31/10/2016	<p>All completed and SOP in place. However encroachment into the aisle and across the external area of empty stalls is still an issue which management will continue to address where possible. Removing discount will work in the Moor but as there is no discount at Crystal Peaks there is no incentive other than breaching their agreements which currently lacks legal commitment to enforce (ie. no judge would ever back SCC that we took someone's livelihood away as they were 50cm further out in the aisle than they are allowed). Management will continue to pro-actively look at options to control this.</p> <p><u>Internal Audit opinion</u></p> <p>Action complete</p>
9.7	<p>Decisions taken by markets management in relation to markets policy and individual tenancies or traders should be appropriately documented and held on the tenancy files.</p>	Medium	Head of Markets	31/08/2016	<p>All decisions now documented on traders files.</p> <p><u>Internal Audit opinion</u></p> <p>Action complete</p>
9.8	<p>Permanent or temporary lettings and other tenancy</p>	Medium	Head of	31/08/2016	<p>Only traders who have no debt or are in a</p>

	<p>arrangements should not be allocated to traders in arrears and not in the process of making payments to reduce the level of debt.</p> <p>In the specific instance noted opposite, management should consider whether the temporary arrangement should be withdrawn, so as to confirm its commitment to the policy.</p>		Markets		<p>repayment programme will be allowed to expand. Picked up as part of the debt management group.</p> <p><u>Internal Audit opinion</u></p> <p>Action complete</p>
9.9	<p>The Markets arrears process flow charts should be amended to refer to the Council's 60-day rule.</p> <p>Markets staff involved in rent collection and arrears management should be made aware of the rule and of the benefits in prompt recovery of arrears for the service.</p> <p>Markets arrears debt management processes should encourage the early recovery of rent arrears so as to maximise the benefit to the Service.</p>	High	Head of Markets	31/08/2016	<p>The group continue to meet with full involvement of the ICAMS team and legal as and when required. Chaired by the HoS.</p> <p><u>Internal Audit opinion</u></p> <p>Action complete</p>
9.10	<p>The monthly Markets debt management arrangements should be extended to incorporate the review and administration of debts in Crystal Peaks and Parkway Wholesale Markets.</p>	High	Head of Markets	<p>31/08/2016</p> <p>Revised implementation date 30/06/2017</p>	<p>Parkway was included on the agenda but then meetings ran out of time so Parkway was taken off and dealt with internally by the team.</p> <p>Recent review by HoS to ensure Parkway is on the debt group agenda and followed up (figure for parkway has increased by 7k over the year).</p> <p><u>Internal Audit opinion</u></p> <p>Internal Audit was provided with a monitoring note on markets debtors dated 10 May 2017. It recorded that monitoring of Parkway Markets was to be part of all future meetings. Internal Audit confirmed that the next meeting was to be on June 14th 2017.</p> <p>Action ongoing</p>
9.11	<p>Markets management should systematically review Crystal Peaks and Parkway Wholesale Markets</p>	High	Head of Markets	31/08/2016	<p>Completed.</p>

	<p>traders' arrears on a case-by-case basis and determine action to be taken to address the arrears.</p> <p>Particular attention should be given to whether sufficient, timely and appropriate management action had been taken to recover the most significant levels of arrears following the previous Internal Audit report in January 2015.</p> <p>Procedures reflecting those in place for the Moor Market should be adopted for the Crystal Peaks and Parkway Wholesale Markets:</p> <p>The Markets Manager should be required to review arrears on a monthly basis and report to the debt recovery meeting on the current position and action taken.</p> <p>All action should be formally set out to the trader in question and retained on the respective tenancy file Once defined the situation should be monitored to ensure agreed action is followed</p> <p>Prompt review and action should be taken in line with the 60-day rule so as to maximise income retained by the Service.</p> <p>Consideration should be given to referring cases on to debt collection agencies or initiating legal action through the Legal & Governance team.</p> <p>Over and above this, all other recommendations raised in respect of the management of arrears and debt recovery should automatically apply to Crystal Peaks and Parkway Wholesale Markets.</p>			<p>Revised implementation date 30/06/2017</p>	<p>Fully incorporated into the debt management group.</p> <p><u>Internal Audit opinion</u> Linked to 2.2 above, Parkway Markets debtors are to be incorporated into the monthly debt management process.</p> <p>Action ongoing</p>
9.12	<p>Full consideration should be given to the recovery of Markets rent arrears in line with the Council's "60-day Rule" to ensure that the service takes maximum benefit from the income collected. The Markets Service</p>	High	Head of Markets	31/08/2017	<p>Action completed.</p> <p>All debts pre 60 days now chased as a priority, a dedicated manager is to lead on this.</p>

	should be more responsive in initiating informal debt recovery action once debts exceed the 30 days. In such instances, traders should be visited and encouraged to make alternative arrangements to pay, such as via the Markets' chip 'n' pin facility.				<p><u>Internal Audit opinion</u></p> <p>Action complete</p>
9.13	<p>Markets management should apply the recommendations as set out in this report, ensuring a consistency in the procedures and processes across all markets.</p> <p>The Interim Head of Markets should further review individual tenancy arrangements (based on the information provided by Internal Audit) for indications of inappropriate management. Where necessary appropriate action should be taken to address issues regarding the letting of stalls, or the recovery of arrears.</p>	High	Head of Markets	31/08/2016	<p>Fully implemented.</p> <p><u>Internal Audit opinion</u></p> <p>Action complete</p>
9.14	<p>Markets management should liaise with ICAM to establish strategies and guidance for the referral of traders' arrears to DCAs. This should include:</p> <ul style="list-style-type: none"> • Guidance as to at what point arrears should be referred to DCAs; • How DCAs are to be updated with traders latest arrears positions; • Monitoring of all arrears referred to DCAs, to ensure that DCAs deal with the arrears on a timely basis or enable alternative courses of action to be taken; • Confirmation that markets managers retain a responsibility to monitor all arrears and to encourage prompt payment from traders, irrespective of whether those arrears have been referred to a DCA. <p>As a matter of urgency, Markets management should review current arrears in the Crystal Peaks and Parkway Wholesale Markets and refer to DCAs where</p>	High	Head of Markets	31/08/2017	<p>ICAMS now part of the Debt Management Group and reporting underway.</p> <p><u>Internal Audit opinion</u></p> <p>Internal Audit reviewed the individual monitoring of traders in debt and updates were provided at the monthly meetings.</p> <p>Action complete</p>

	appropriate.				
9.15	Markets management should continue to maintain robust debt management arrangements to ensure that current arrears are cleared and to establish the necessary culture with traders to demonstrate that arrears will not be tolerated in future.	High	Head of Markets	31/08/2016	Action completed. <u>Internal Audit opinion</u> Action complete
9.16	In addition to the recommendations raised at 2.3 & 2.6, management should carry out a review of trader arrears in Crystal Peaks and Parkway Wholesale Markets and identify those where recovery has stalled and would benefit for passing on to Legal & Governance.	High	Head of Markets	31/08/2016	This forms part of the aged debt group. <u>Internal Audit opinion</u> Action complete
9.17	Markets management should review current individual debtors, particularly those posted to now defunct Markets Business Units, for suitability for formal write-off. As a minimum requirement this should be done on an annual basis, preferably in advance of the closedown of that year's financial accounts.	Medium	Head of Markets	31/03/2017	Picked up as part of the debt management group <u>Internal Audit opinion</u> Action complete
9.18	In view of the current commercialisation project currently in Place, Markets management should identify and review the options for cashless outdoor rents collections and consider whether these represented more efficient and economic methods than those currently in operation.	Medium	Head of Markets	31/03/2017	Chip & pin machine now in use. <u>Internal Audit opinion</u> As per the recommendation, chip and pin machines/technology now in use. Action Complete

10. Council Processes for Management Investigations (issued to audit and standards committee 21.11.2016)

As at Jan 2017
This report was issued to management on the 20.9.16 with the latest agreed implementation date of 31.12.2016. Due to the timescales for completion of this report, an update on progress with recommendation implementation will be included in the next tracker report.

As at July 2017
An update on progress made with the recommendation implementation is included below. Of 16 recommendations agreed, 10 have been implemented and 6 are ongoing.

Ref	Recommendation	Priority	Original	Original	Updated position - provided by
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			Responsible Officer	Implementation Date	Head of Human Resources 8.6.17.
10.1	A protocol detailing the necessary criteria to be fulfilled in order to access financial data via the Accredited Financial Investigator within Trading Standards should be documented.	Medium	Stephen Bower, Finance Manager, Internal Audit	31 st December 2016	Contact has been made and a process agreed and is in place for requesting assistance from the financial investigators. That process has not as yet been required. Action complete
10.2	The Disciplinary Procedure Flowchart should be updated to include instructions to contact Human Resources Advisory Team and in instance of potential financial irregularity, fraud or theft to contact Internal Audit.	High	Lynsey Linton, Head of Human Resources	31 st December 2016	This has been done. There is now frequent reporting through to Internal Audit of incidents. Action complete
10.3	When receiving the initial call from service regarding an issue relating to irregularities in funds, timesheets, stores or other property which could be considered fraud or theft, Human Resources Advisory Service / relevant HR consultant should inform the service of the requirement to contact Internal Audit. All such issues should be recorded by the HR Advisory Service and a list emailed to Internal Audit on a monthly basis to ensure all cases have been reported.	High	Lynsey Linton, Head of Human Resources Peter White, Human Resources Service Manager	31 st December 2016	There is now regular reporting through of information on frauds. All members of the HR Advisory Service Team are aware of the need to advise managers to contact Internal Audit and back this up with direct notification. HR Advisory submit a monthly Financial Irregularity, Fraud or Theft Report to Internal Audit. This includes a nil return. Action complete
10.4	Human Resources Client Management should advise CAPITA of the requirement to provide Internal Audit with requested information. A method of requesting information should be agreed upon, documented and implemented to ensure requests are not declined or delayed.	High	Peter White, Human Resources Service Manager	31 st December 2016	Human Resources Client Management advised Capita of this access requirement and believe the issue is now resolved. Action complete
10.5	The Code of Conduct should be reviewed with specific reference to fraud awareness. Consideration should be given to using MyView or the Learning Development Hub to obtain confirmation from all employees that they have read the updated Code of Conduct. A full refresh of the fraud Internet site should be	High	Lynsey Linton, Head of Human Resources Stephen	31 st December 2016 Revised implementation	The refresh of all of the Council's fraud documentation is currently underway and should be relaunched by the End of July 2017. Action ongoing

	undertaken and then details published on the homepage to raise fraud awareness.		Bower, Finance Manager, Internal Audit	date: 30.9.2017	
10.6	Internal Audit should review and update the counter fraud training course on line. There should be a corporate mandate for all employees to undertake this training by the end of the year.	High	Stephen Bower, Finance Manager, Internal Audit	31 st December 2016 Revised implementation date: 30.9.2017	As Above Action ongoing
10.7	Senior management should request that all service areas review their risk registers, to ensure that the appropriate fraud risks have been identified and risk mitigation strategies put in place.	High	Stephen Bower, Finance Manager, Internal Audit	31 st December 2016 Revised implementation date: 30.9.2017	As above. Action ongoing
10.8	The fraud reporting process should be updated on both the internet and the intranet, part of the refresh recommended in 1.5.	Medium	Stephen Bower, Finance Manager, Internal Audit	31 st December 2016 Revised implementation date: 30.9.2017	As Above Action ongoing
10.9	The whistleblowing policy should be reviewed to ensure that it still meets the requirements of the Council and should be published on a regular basis. A group made up of officers from HR, Legal and Governance and Internal Audit should meet on a regular basis to review the usage of the whistleblowing policy. HR should provide a list of the issues raised and the actions to be undertaken. This should ensure consistency or approach and ensure that the issues are investigated and resolved in a consistent manner. The group does not need to know the officer raising the issue unless they are required to be involved in the investigation or resolution. The meeting should be monthly, However the length of the meetings will be determined by the number of new and on-going	High	Lynsey Linton, Head of Human Resources	31 st December 2016	The Whistleblowing Policy was reviewed and launched in Jan 17. Action complete

	issues.				
10.10	As required in the policy the Director of Legal and Governance should report annually to the Audit Committee on the use of the whistleblowing processes.	High	Lynsey Linton, Head of Human Resources	31 st December 2016	This information is provided to the Director of Legal and Governance. Action complete
10.11	As the council has agreed to abide by the Nolan Principles on conduct in public life, it is important that the Code of Conduct requires staff to support agencies where they are trying to prosecute fraud against Council employees, which may include providing witness statements and attending court.	Medium	Lynsey Linton, Head of Human Resources	31 st December 2016	This was reviewed by the Head of HR with legal advice. It was determined that the code of conduct is proportionate in relation to this issue. Action complete
10.12	In order to ensure consistency of approach in financial investigations, it is important that a gateway process is established involving review or oversight by Internal Audit to ensure that there is consistency of approach. As a minimum, there should be involvement by Internal Audit and Human Resources at three stages of the investigation <ol style="list-style-type: none"> 1) Initial allegations to determine the actions (possible investigation) to be taken. 2) Determining the outcomes. To look at the results of the investigation prior to writing the appropriate statement of case (fi required). 3) Conclusion – to record the outcomes of the case and discuss any learning points for the future. 	High	Lynsey Linton, Head of Human Resources Stephen Bower, Finance Manager, Internal Audit	31 st December 2016	HR Consultancy contact Internal Audit in relation to such issues. Action complete
10.13	Impartiality is essential to an investigation and therefore senior managers should ensure the investigating manager is able to investigate the allegation effectively without bias. Should there be any doubt, Internal Audit should be contacted for assistance and to ensure impartiality and consistency.	High	Lynsey Linton, Head of Human Resources Stephen Bower, Finance Manager, Internal Audit	31 st December 2016	Actioned and in place per above and evidenced in recent investigations. Action complete

10.1 4	The method of recording of cases should be reviewed and all cases should include the relevant details including name of the investigating manager, hearing officer, a brief outline of both the allegation and the outcome.	High	Peter White, Human Resources Service Manager	31 st December 2016 Revised implementation date 30.9.17	This is being factored as part of the transitional activity in terms of the return of HRConnect to the council as different elements of the process exist between SCC/Capita. Action ongoing
10.1 5	The fraud e-learning should be updated and be mandatory for all service staff to complete. This will ensure that all staff have adequate training and knowledge to identify potential fraud at early stage and take the appropriate action, further aiding consistency across the Council.	High	Lynsey Linton, Head of Human Resources Stephen Bower, Finance Manager, Internal Audit	31 st December 2016 Revised implementation date 30.9.17	Management teams briefed. Awaiting updated e-learning per reference above. Action ongoing
10.1 6	Service managers should consult Human Resources and Internal Audit prior to accepting an employee's resignation where there is an allegation or suspicion of fraud or theft to ensure consistency when dealing with these. The Council's zero tolerance on fraud and theft should be observed by all staff when dealing with investigations to ensure consistency.	High	Lynsey Linton, Head of Human Resources Stephen Bower, Finance Manager, Internal Audit	31 st December 2016	Action complete

11. Payroll Pension Arrangements (issued to audit and standards committee 21.6.2016)

As at July 2016

This report was issued to management on the 14.4.2016 with the latest agreed implementation date of 1.7.2016. Due to the timescales for completion of this report, an update on progress with recommendation implementation will be included in the next tracker report.

As at Jan 2017

An update on progress made with the recommendation implementation is included below. 5 out of 7 recommendations have been implemented and with work ongoing on the remaining 2. There are known issues with processes at SYPA and so for the 2 ongoing recommendations a long revised implementation date is expected to enable improvements to be implemented within SYPA.

As at July 2017
 An update on the 2 remaining recommendations is included below. As per the update in January, a long revised implementation date was given to enable improvements to be implemented within SYPA. This date has still not passed and so the action continues to be on-going.

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position - provided by HR Service Manager 19/5/2017.
11.1	These timescales SYPA has to respond/communicate with members and SCC should be altered so that they are very clearly defined. It is recommended that SYPA have a period of time from receiving the query to completing an initial verification of all required information, for example, through a checklist. SYPA will then have the timescales outlined in the Pensions Administration Strategy to reply to the query - this will stop the process being unduly delayed.	Medium	Peter White, HR Service Manager	21/03/2016 Revised implementation date: 1/4/2018	Action ongoing SYPA disclosed on 30/11/16 at their AGM that they are intending to move towards monthly returns for Payroll data in April 2018. Part of this approach will enable SYPA to have access to real-time Payroll data ensuring they have the necessary information to hand to enable it to perform the task within timescale. Work with SYPA and Capita Payroll is ongoing to resolve current data transfer issues, whilst recognising the future systems approach so they dovetail effectively.
11.2	An agreement should be sought with SYPA regarding the staff based at the SYPA satellite office that results in either Capita/SCC taking control of the tasks they perform, having control over these staff or SCC no longer being held accountable for these performance targets.	High	Peter White, HR Service Manager	01/07/2016 Revised implementation date: 1/4/2017	Action complete The funding arrangements for the SYPA Sheffield Office have been reviewed with funding arrangement agreed between SCC and SYPA.

12. Delivery of Capital Schemes and Capital Gateway Approvals (Place) (issued to audit and standards committee 19.4.2016)

As at July 2016
 This report was issued to management on the 29.03.16 with the latest agreed implementation date of 31.12.16. An update on progress with recommendation implementation will be included in the next tracker report.

As at Jan 2017
 An update on progress made with the recommendation implementation is included below. 6 out of 8 recommendations have been implemented and with work ongoing on the remaining 2.

As at July 2017

An update on progress with the 2 recommendations that were ongoing in the last report is included below. Both remain ongoing but are due for completion by the end of July 2017.

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position - Taken from the Place SharePoint tracker system
12.1	<p>Transitional and successor planning arrangements should be introduced for the effective hand-over of responsibilities in order to ensure the prompt and effective roll-out of the new Capital Approvals Framework.</p> <p>In the short term, the acting post holder should be given suitable support and guidance to avoid unnecessary delays and the effective embedding of the arrangements across the Council.</p>	2 - High	Director of Business Strategy & Regulation, Place	<p>31/03/2016</p> <p>Revised implementation date 31/7/2017</p>	<p>Action ongoing</p> <p>The Director of Business Strategy and Regulation is in the process of arranging for the vacancy to be filled.</p>
12.2	<p>Recommendations raised at 1.1, 1.2 & 1.3 further apply to these findings.</p> <p>Consideration should be given to alternative methods of funding the PMO.</p> <p>Actions agreed as part of the Head of CDS's report in to fees and charges should be implemented within appropriate time frames so as to further embed the service as the Council's provider of project design, management and delivery functions.</p>	2 - High	Director of Business Strategy & Regulation, Place	<p>31/03/2016</p> <p>Revised implementation date 31/7/2017</p>	<p>Action ongoing</p> <p>Following EMT on the 1/11/2016 a meeting is to be held between the Director of BS&R and Executive Director of Resources to review current CDS fee structure.</p> <p>The detailed paper back to EMT will include the benchmarking of CDS fees both internally with other fee charging services and externally with appropriate consultancy rates.</p>

13. Deprivation of Liberties Safeguards (DOLS) (Communities) (issued to the audit and standards committee 15.4.2016)

As at July 2016

This report was issued to management on the 21.03.16 with the latest agreed implementation date of 30.9.2016. An update on progress with recommendation implementation will be included in the next tracker report.

As at Jan 2017

An update on progress made with the recommendation implementation is included below. In summary 24 of the 31 recommendations have been completed and work is ongoing with the remaining 7 recommendations. A follow-up audit is currently underway and will validate the update provided through limited

testing.

As at July 2017

A follow-up audit was undertaken in Feb 2017. Following this review, a number of recommendations were given revised implementation dates which have since passed and so the Head of Service has been contacted. The results reproduced below are therefore a combination of the outcome of the follow-up review (where an audit opinion is given), and the managers update. 11 recommendations were deemed to be complete and 1 was ongoing.

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Latest update
13.1	Management should establish and formally document the objectives of the section. The objectives should have a clear link to the corporate objectives of the council, and be subject to regular (at least annual) reviews.	Medium	Simon Richards - Head of Quality & Safeguarding	31/03/2016	Service Plan for 17/18 sets out Practice Development Team including DoLS team objectives for 17/18. Reviewed monthly at PDT meeting. No further action required. <u>Internal Audit opinion</u> Service Plan for 17/18 provided as evidence. Action complete
13.2	It is recommended that an operational plan is produced and documented for the DOLS team which: o Reflects corporate, portfolio and other objectives/requirements: o Reflects statutory requirements o Details how the service is to be delivered o Is regularly reviewed o Is supported by adequate resources.	High	Simon Richards - Head of Quality & Safeguarding	29/02/2016	DoLS team Operational objectives are contained in the Service plan 17/18. <u>Internal Audit opinion</u> Service Plan for 17/18 provided as evidence. Action complete
13.3	Management should ensure that all the identified senior managers complete their training as soon as possible and establish an implementation date for the formal quality assurance process by senior management.	Medium	Simon Richards - Head of Quality & Safeguarding	29/02/2016 Revised implementation date: 13/12/2016	Training has been delivered to senior managers to enable them to authorise assessments (29.4.16). One senior manager attends scrutiny panel each month to QA. We have 2 more senior managers to attend panel and following this we will review formal quality assurance process by senior management.

					<p><u>Internal Audit opinion</u> Internal Audit was shown CSLT minutes whereby a formal QA process was to be instigated in 2017.</p> <p>Action complete</p>
13.4	The service should develop a detailed action plan to clear the backlog in the DOLS and CoP DOLS requests and reassessments. In clearing the backlog situation, management should also ensure that adequate resources are allocated to expedite new applications and upcoming reviews to prevent these cases being delayed. Progress on clearing the backlog to be reported monthly.	Critical	Simon Richards - Head of Quality & Safeguarding	31/03/2016 Revised implementation date: 31/07/2017	<p>Risks associated with the DoLs backlog are understood and proactively managed, taking into consideration the nationally acknowledged deficit between demand and available resources to meet that demand. Progress on clearing the backlog is reported monthly to CSLT.</p> <p>In line with risk assessments resources are prioritised on predominantly the most urgent cases, high risk cases</p> <p>Increases in output are being achieved with existing resources however these are in themselves insufficient to make an appreciable difference to the level of risk inherent in the size of the backlog.</p> <p>An updated Business Case has been submitted to PLT recommending additional funding to address DOLS backlog. PLT recognise that carrying the current and projected level of risk is not a preferable option and that the allocation of further resource would be needed to mitigate this. PLT decision awaited.</p> <p>Action ongoing</p>
Court of Protection DOLS – Leadership					
13.5	Internal Audit recommends that a lead person should be assigned for Court of Protection DOLS, and they should perform a full review of the current situation and the actions required to address the backlog of cases. This review to be presented to the service management team/portfolio leadership team and the	Critical	Simon Richards - Head of Quality & Safeguarding	31/03/2016	<p>We now have a designated contact in Legal services for CoP DOLS, and work has been undertaken on the current situation and backlog of cases.</p> <p>Action complete</p>

	executive management team as a priority.				
13.6	To fully and clearly document the process regarding CoP DOLS.	High	Simon Richards - Head of Quality & Safeguarding	31/03/2016	Process is in place. Action complete
13.7	In order to ensure consistency of information, standard letters should be determined, documented and used to communicate the CoP decisions to the relevant interested parties. These should clearly state the decision of the CoP and their responsibilities to notify of changes etc. Copies of the letters sent should then be held on the Carefirst/wisdom system file for each client.	High	Simon Richards - Head of Quality & Safeguarding	31/03/2016 Revised implementation date: 31/01/2017	Standard letter produced informing interested parties that a DOL in the community has been authorised. Action complete
13.8	To ensure the completeness of the recording process it is recommended that all forms completed as part of the CoP DOLS process are scanned and copied into the individuals' Carefirst/wisdom records.	Medium	Simon Richards - Head of Quality & Safeguarding	31/03/2016 Revised implementation date: 31/01/2017	Legal do not have access to Care First, however have incorporated a paragraph within their initial instructions form requesting that the client upload the form to Wisdom once completed and sent to legal. <u>Internal Audit opinion</u> Internal Audit reviewed copies of the instructions which now included instructions to upload to Wisdom. Action complete
13.9	All DOLS requests should be treated consistently; therefore the carers responsible for clients in supported living arrangements should receive a letter acknowledging the CoP DOLS request and the care arrangements for the client pending the decision on the CoP DOLS request.	High	Simon Richards - Head of Quality & Safeguarding	31/03/2016 Revised implementation date: 31/01/2017	Confirmed that legal will notify interested parties of any other hearing. Letter produced to evidence this. Action complete
13.10	There should be a documented training and development plan for the section that is compiled following mentoring/1:1 sessions or team meetings for the section. This would ensure that gaps in training requirements etc. are identified and that specific training can be investigated or developed and the relevant individuals targeted as to their	Medium	Simon Richards - Head of Quality & Safeguarding	30/09/2016 Revised implementation date: 31/03/2017	BIAs have to attend specific training to keep their qualification. Training and development is a standard item on the corporate supervision template. Individual training needs are identified in supervision and course attendance agreed. If a training need is identified that can't be met a request is made to the T&D manager to consider

	needs. The delivery of training and development should be monitored and reported against the training and development plan at management meetings.				developing training in that area. We have a mentoring scheme in place within the DoLS team. <u>Internal Audit opinion</u> Service plan and training plan for DoLS team 17/18 attached as evidence. Action complete
13.1 1	To formally document the identification of stakeholders and methods of communication with stakeholders within a communication plan. This plan to be subject to regular review to ensure it remains up to date with stakeholder contact information (care homes/hospitals).	Medium	Simon Richards - Head of Quality & Safeguarding	31/03/2016	Service Plan includes stakeholder analysis and communications <u>Internal Audit opinion</u> Service Plan provided as evidence Action complete
13.1 2	The new contract for RPRs, to include stated requirements regarding the security of the sensitive information handled by staff used by the contracted supplier, and the procedures to report any such instances of security breaches.	Efficiency/Effectiveness	Simon Richards - Head of Quality & Safeguarding	29/02/2016 Revised implementation date: 31/03/2017	Not possible to complete action at this time due to circumstances outside our control. New contract for Relevant Persons Representatives was to include Data Processing Agreement provision but this was not included as this was not a Corporate requirement at the time the contract was drafted. To resolve Information Management need to prioritise a variation to contract but not progressed due to competing work pressures. No further action for DoLS team. Action complete

14. Safeguarding administration and governance (Communities) (issued to the audit and standards committee 15.4.2016)

As at July 2016

This report was issued to management on the 21.03.16 with the latest agreed implementation date of 31.03.17. An update on progress with recommendation implementation will be included in the next tracker report.

As at Jan 2017

An update on progress made with the recommendation implementation is included below. 8 out of 17 recommendations have been implemented and with work ongoing on the remaining 9.

As at July 2017

A follow-up audit was undertaken in Jan 2017. Following this review, a number of recommendations were given revised implementation dates which have since passed and so the Head of Service has been contacted. The results reproduced below are a therefore a combination of the outcome of the follow-up review (where an audit opinion is given), and the managers update. Of 17 recommendations, 12 have been completed and 5 are ongoing.

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position - provided by Head of Quality and Safeguarding 13/6/2017
14.1	Whilst internal audit recognised that safeguarding in Sheffield was part of the Safeguarding Adults Strategic Partnership (SASP), objectives for the service in Sheffield City Council should be considered and put in place. As a minimum it should be recorded that the service follows the objectives as per the SASP.	Efficiency/Effectiveness	Simon Richards, Head of Quality and Safeguarding	31/07/2016	<p>The Safeguarding Adults Strategic Partnership has a 3 year strategic plan in place and an annual business plan. SCC, as the lead partner agency, continues to be signed up to deliver the objectives in these plans.</p> <p>The Safeguarding Adults Office (SAO) Service Plan has been updated to directly reference that the Service follows the objectives as per the SASP.</p> <p>The Service Plan for 17/18 sets out team objectives including specific objectives for SCC in relation to Adult Safeguarding.</p> <p>Action complete</p>
14.2	Internal Audit recommends that Safeguarding put together a single document to state that South Yorkshire Procedures are followed, with the exception of the Self Neglect Model, which is Sheffield's own. It should also include that there is no 'near miss' process, and that in these cases the safeguarding process should be followed. It should also include that the council-wide Serious Incident Policy is followed.	Medium	Simon Richards, Head of Quality and Safeguarding	30/04/2016	<p>The Safeguarding Adults Office Service plan has been reviewed to cover these points.</p> <p>The existing SCC procedure reference the Self Neglect Risk Management Model and the SY Procedures state that each South Yorkshire area is developing or has their own defined policy in dealing with this subject.</p> <p>The Communities Serious Incident Policy clarifies that if at any time a vulnerable person</p>

					<p>is deemed to be at risk then Safeguarding procedures must be instigated (page 5).</p> <p><u>Internal Audit opinion</u> Internal Audit reviewed the online guidance - which had been reviewed since the full audit had been undertaken - and noted that this now stated that safeguarding guidance should be read in conjunction with the south Yorkshire safeguarding adults procedure.</p> <p>Action complete</p>
14.3	<p>The Managing Self Neglect model should be reviewed and updated to clearly state who the document is aimed at, the process to be followed, and what mandatory information is required. Ideally this should be a step by step user guide that is subject to review on at least an annual basis.</p>	Medium	Simon Richards, Head of Quality and Safeguarding	30/04/2016	<p>The Self Neglect Risk Management Model states who the document is aimed at, the process to be followed, and what mandatory information is required.</p> <p>It is subject to review on an annual basis.</p> <p><u>Internal Audit opinion</u> Internal Audit reviewed the online guidance and noted that the above was included.</p> <p>Action complete</p>
14.4	<p>Internal Audit recommends that the safeguarding processes explicitly include that there is no separate near misses policy and that near misses go through the same process as safeguarding.</p>	Medium	Simon Richards, Head of Quality and Safeguarding	30/06/2016 Revised implementation date: 31/08/17	<p>The review of South Yorkshire Safeguarding procedures is underway and is now scheduled for completion by August 2017. This will include the near miss procedure.</p> <p>Action ongoing</p>
14.5	<p>Linked to the above recommendation, once the safeguarding process has been formalised and put in place, management should ensure that all staff and appropriate stakeholders have access to them, either via Elma or the internet/internet.</p>	Medium	Simon Richards, Head of Quality and Safeguarding	30/04/2016 Revised implementation date: 31/03/17	<p>The current safeguarding process is available via ELMA (Adult Care and Support Manual). The SY Safeguarding Procedures are on the SCC website. No further Action proposed</p> <p>Action complete</p>
14.6	<p>To ensure completeness and accuracy of information, management should provide clear</p>	High	Simon Richards, Head of Quality	31/07/2016	<p>The current Safeguarding Process is available via ELMA. The SY Safeguarding Procedures</p>

	<p>guidance on the mandatory safeguarding information required. It should be clearly stated what system these must be recorded on and in what format.</p> <p>There should be a requirement for mandatory details on one system eg: carefirst, with notes made stating when other systems may hold supplementary information.</p>		and Safeguarding	<p>Revised implementation date: 31/03/17</p>	<p>are on the SCC website.</p> <p>We have reviewed the internal SCC safeguarding process as part of the ASC restructure work stream. We have simplified the so practitioners are clearer about what are the mandatory requirements. Further developmental work is now part of the Whole Family Case Management system and will not be progressed through Care First. No further action required.</p> <p>Action complete</p>
14.7	<p>Management should introduce a more robust checking system, whereby a proportion of screened out concerns get revisited by Safeguarding. This will enable Safeguarding to identify any trends and introduce more training within service if the same types of concerns are being screened out when they should be proceeding to the next stage.</p>	Medium	Simon Richards, Head of Quality and Safeguarding	<p>31/07/2016</p> <p>Revised implementation date: 31/03/17</p>	<p>This is now in place the first checking audit will take place on 22/06. A dip sample of 30 cases screened out of Safeguarding will be reviewed by a Quality Assurance Panel with the results reported to ASCLT and the Safeguarding board in July. This sampling exercise is the first of a rolling quarterly programme of Safeguarding quality assurance exercises</p> <p>Action ongoing as business as usual.</p>
14.8	<p>Internal Audit recommends that the Adults Safeguarding Office and Commissioning work more closely together when dealing with safeguarding concerns about care providers, and that this is included in the processes being put into place in Sheffield. This would ensure that both teams are aware of any problem or potential problem with a provider. In addition, it is advised that operational teams have a stronger link with both Adults Safeguarding Office and Commissioning, so that the operational teams are kept aware of policies, procedures and problems with providers.</p> <p>To ensure that all concerns with regard to safeguarding are captured, a contract concern form should be completed for all incidents related to an independent provider. Management should ensure</p>	High	Simon Richards, Head of Quality and Safeguarding	<p>30/09/2016</p> <p>Revised implementation date: 30/09/17</p>	<p>Closer working between Safeguarding and Commissioning has progressed since interim Head of Service (HoS) for Commissioning has been in post.</p> <p>Commissioning HoS presented Safeguarding Assurance paper at Safeguarding Executive Board on 17/03/17.</p> <p>Safeguarding HoS attended Commissioning team meeting to discuss closer working on Safeguarding. Follow on meeting to progress this and draft protocols on 20/06/17.</p> <p>Action ongoing</p>

	that this is included as part of the new processes being put in place.				
14.9	Internal Audit recommend that clear, measurable performance measures are put in place, with a clear reporting structure and a clear way of feeding these back to other key stakeholders (e.g. service). This could be, for example, time taken between receiving a concern and a case conference.	High	Simon Richards, Head of Quality and Safeguarding	31/03/2016	<p>A robust and comprehensive Performance Management Framework is now in place, with measurable performance measures (including time taken between all key stages and end to end timescales).</p> <p>We have a clear reporting structure whereby performance is scrutinised on four weekly cycle by Care and Support Leadership Team (CSLT) and reported to SASP Board at every meeting. CSLT and SASP are responsible for feeding information back to other key stakeholders (e.g. service) as required.</p> <p><u>Internal Audit opinion</u> Internal Audit reviewed the reporting of performance and issues to the CSLT.</p> <p>Action complete</p>
14.10	Internal Audit recommends that as part of the Sheffield processes, a resolution policy is put in place. In addition, it should be clear within the processes how and who to report problems to and any actions that could be taken as a result of this.	Medium	Simon Richards, Head of Quality and Safeguarding	31/03/2016	<p>We have had a dispute resolution policy in place since June 2014. It clearly states how and who to report problems to and any actions that could be taken as a result of this.</p> <p><u>Internal Audit opinion</u> Dispute policy reviewed.</p> <p>Action complete</p>
14.11	Internal Audit recommends that all job descriptions be brought up to date with current arrangements. In addition it is recommended that the structure chart be reviewed at least annually, with a review date recorded on the chart.	Efficiency/Eff ectiveness	Simon Richards, Head of Quality and Safeguarding	31/03/2017 Revised implementation date: 30/6/2017	<p>All Job Descriptions have been reviewed as part of the Achieving Change and MER processes which governed the creation of the PDT. JDs have been revised where appropriate. No need to further amend at this point. Structure chart and Org Plus reviewed and accurate. No further action required.</p> <p>Action complete</p>

14.12	Internal Audit recommend that succession planning/continuity planning takes place so that all the knowledge, experience and expertise that the service manager has is made available to the wider team and management.	High	Simon Richards, Head of Quality and Safeguarding	31/12/2016	This was addressed at the point which the service manager post was deleted as part of the service manager MER across C&S (summer 2016). <u>Internal Audit opinion</u> Action complete
14.13	Internal Audit recommends that management identify those staff who have not had an appraisal in the last 12 months and ensure that they are included in the next round of appraisals.	High	Simon Richards, Head of Quality and Safeguarding	30/06/2016 Revised implementation date: 31/03/17	All appraisals are being picked up in the current round of appraisals (HoS has now taken over line management arrangements for the team, following deletion of service manager post). <u>Internal Audit opinion</u> This will all be via Sheffield Hub, therefore Internal audit have placed reliance on head of service statement. Action complete
14.14	It is recommended that formal agreements are in place for all partnerships and collaborative workings. In addition, it is recommended that all external partners have formal communication channels in place.	High	Simon Richards, Head of Quality and Safeguarding	30/04/2016	We have a prospectus in place which governs the relationships between partners, as well as the SY Safeguarding Procedures. The SASP provides an opportunity for formal communication channels between external partners. <u>Internal Audit opinion</u> Internal Audit reviewed the prospectus in place this covers partnership working in SY. Action complete
14.15	Management should ensure that there is a process in place to take account of feedback and learning from complaints.	Medium	Simon Richards, Head of Quality and Safeguarding	31/03/2016 Revised implementation date: 31/08/17	Workshop held with HoS on 18/05/17 to look at issues in relation to complaints, including learning from complaints, agreed actions to be completed. Action ongoing
14.16	It is recommended that all data sharing agreements	High	Simon Richards,	30/04/2016	The SY Safeguarding Procedures includes a

	are logged with the Council's Information Sharing Agreements Sharepoint site.		Head of Quality and Safeguarding	Revised implementation date: 30/09/17	<p>section on information sharing on the ISA SharePoint site.</p> <p>The aim of this section is to facilitate and provide clear guidance on the exchange of personal and sensitive information for the investigation and responding to suspected Abuse and neglect of adults within south Yorkshire.</p> <p>Further work is ongoing to develop detailed Information Sharing Agreements to support the SY Safeguarding Procedures. This work is being done in conjunction with Corporate information Management team and is delayed due to conflicting work pressures</p> <p>Action ongoing</p>
14.17	Management should ensure that a process is put in place to handle breaches in security, and that all staff are made aware of this.	High	Simon Richards, Head of Quality and Safeguarding	30/04/2016	<p>We continue to follow the Communities Serious Incident process in relation to information security breaches. Staff are aware of the process and the requirement to follow it.</p> <p>Action complete</p>

15. Highways Maintenance Client Monitoring Arrangements (Place) (issued to audit and standards committee 5.1.2016)

As at July 2016
 This report was issued to management on the 15.12.15 with the latest agreed implementation date of 31.3.2016. A follow-up audit was undertaken in March 2016 and an update on progress made with recommendation implementation is included below.

As at Jan 2017
 An update on progress made with the 3 ongoing recommendation implementation is included below. 2 recommendations have been implemented and are now business as usual, and 1 is still ongoing. Service management wanted to highlight the significant impact that the current tree campaign has had on the highways maintenance programme, and the delays this has caused in implementing all recommendations.

As at July 2017

An update on progress made with the remaining ongoing recommendation is included below.

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position provided by the Head of Highways Maintenance 12/05/2017
15.1	Management should continue to review the situation and consider the on-going impact of staff vacancies on the effectiveness of the Client Team and the operational performance of the contract. Consideration should be given to alternative recruitment strategies.	High	Head of Highways Maintenance	31/12/2015 Revised Implementation date 31.5.17	Following a Place restructure the new Executive Director and Director have provided additional resources to address key areas. Action complete

Internal Audit proposes to remove this item from the tracker

16. External Funding (corporate review) (Issued to the audit and standards 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.

As at January 2016
 An internal audit follow-up review is scheduled for quarter 1 of 2016/17. A key challenge with regard to external funding is getting managers across portfolios to comply with the process, this has resulted in slippage in some of the original implementation dates. An update was provided by service management.

As at July 2016
Internal Audit: An update of progress with the 6 recommendations outstanding in the last report was provided.

As at Jan 2017
Internal Audit: An update of progress with the 4 recommendations outstanding in the last report is provided below. 3 recommendations have been implemented, and 1 has elements that are still ongoing.

As at July 2017
Internal Audit: An update of progress with the 2 recommendations ongoing in the last report is provided below.

Ref	Recommendation	Priority	Original	Original	Updated position - provided by External
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			Responsible Officer	Implementation Date	Funding Manager 8.6.17
16.1	<p>It is recommended that where appropriate approval has not been sought for external funding and where there is a lack of clarity with regards to the key funding arrangements (including match funding arrangements), this is clearly detailed and escalated to the relevant Executive Director/Director for information and appropriate action to be taken (where necessary).</p> <p>The External Team should continue to publicise the process across the Council with periodic updates placed on the intranet.</p>	High	Finance Manager, External Funding	<p>Management actions in progress at the time of the discussion meeting. Actions to be confirmed as satisfactory at the time of the follow-up review.</p> <p>Revised implementation date 30.9.17</p>	<p>Where necessary, excessive delays in Leader’s scheme reports are progressed with appropriate level of management. – Action complete</p> <p>A presentation on the operation of the Leader’s Scheme of Delegation in relation to external funding has now been delivered to Resources Leadership Team. Further presentations will be delivered to all Portfolio Leadership Teams, during Summer 2017 – Action ongoing</p> <p>Legal and Governance have recently changed the Leaders’ Scheme approval levels (June 2016) so that the block approval report for annually recurrent grants, previously intended for Cabinet, can be signed off by the Cabinet Member. The report was approved by the Cabinet Member for Finance and Resources in August 2016. – Action complete</p> <p>In agreement with Legal, a speedier approval process has been agreed whereby new non-EU grants below £100k can be signed off more efficiently without diminishing Finance and Legal controls. The scheme has operated from April 2017.</p> <p>Intranet updates are under review and are something that External Funding will be looking into during 2016/17 as part of the wider process review. A number of External Funding process reviews in higher priority areas have already been undertaken resulting in a delay to this one. In the interim</p>

					<p>new grant applicants are directed to the SCC's web page that explains how the Leader's Scheme works and the documents needed to be completed for grant applications.</p> <p>Action ongoing</p>
16.2	<p>A timescale should be set for the implementation of the use of SharePoint for recording all key grant funding information.</p> <p>A review should take place on legacy arrangements across the Council and how these can potentially be included on SharePoint using a cost benefit analysis to assess the cost of doing this with potential claw back etc.</p>	High	Finance Manager, External Funding	30.9.2015	<p>A SharePoint site is being developed by the Capital Delivery Service to hold centrally, all information relating to capital projects. The External Funding Team is also going to use the site to retain all documentation relating to the capital funding.</p> <p>The current electronic record retention processes have been reviewed and there have been improved checks and controls made on all current grant record keeping with a particular focus and emphasis on record retention for current EU projects.</p> <p>Alternative action completed</p>

17. Statutory Responsibilities Health Check (Resources). (Issued to the audit and standards 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.

As at January 2016
An Internal Audit follow-up review was undertaken in October 2015. 2 of the 8 recommendations have been actioned and the remaining 6 are ongoing for completion as part of the Annual Governance Statement production for 2015/16.

As at July 2016
An update of progress with the 6 recommendations stated as being 'on-going' in the last report was provided.

As at January 2017
An update of progress with the 2 recommendations stated as being 'on-going' in the last report was provided.

As at July 2017
 An update of progress with the 2 recommendations stated as being 'on-going' in the last report was provided.

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Update provided from Director of Policy Performance and Communications (PPC) as at 8.6.17
17.1	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	31.03.15 Revised implementation date 30.06.17	New service planning guidance has not been issued as this is linked to changes that are being considered as part of broader business planning. In the meantime, our expectation is that Directors produce/update service plans for their services, based on the current guidance, which already requires the inclusion of statutory responsibilities and a description of how these will be fulfilled.
17.2	All portfolios and services should monitor compliance with statutory responsibilities in the context of staff changes and reduced funding levels. This should incorporate: <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 where applicable to aid monitoring; & • Incorporation of compliance monitoring in to the monthly governance framework; 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.	High	All executive directors	31.03.15 Revised implementation date 30.06.17	See above.

Internal Audit proposes to remove this item from the tracker



Audit and Standards Committee Report

REPORT TO AUDIT AND STANDARDS COMMITTEE

DATE

13th July 2017

REPORT OF Head of Strategic Finance

ITEM

SUBJECT Internal Audit Annual Fraud Report

SUMMARY

The purpose of this report is to inform the Audit and Standards Committee of the work undertaken by Internal Audit on fraud and corruption focusing on, the outcomes of the work from its investigations and the work undertaken on the National Fraud Initiative.

RECOMMENDATIONS

1. That the Audit and Standards Committee notes the content of this report.

**FINANCIAL IMPLICATIONS
CLEARED BY**

No
K Inman

**PARAGRAPHS
66**

BACKGROUND PAPERS

CONTACT POINT FOR ACCESS

**TEL NO.
0114 27 35587**

AREA(S) AFFECTED

**CATEGORY OF
REPORT**

Open

Statutory and Council Policy Checklist

Financial implications
YES /NO Cleared by: K Inman
Legal implications
YES /NO Cleared by:
Equality of Opportunity implications
YES /NO Cleared by:
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
Corporate
Relevant Scrutiny Board if decision called in
Is the item a matter which is reserved for approval by the City Council? YES /NO
Press release
YES /NO

Sheffield City Council

Report to the Council's Audit and Standards Committee

Fraud and Investigations

July 2017

Purpose of the Report

1. This is an annual report produced by Internal Audit to show the work that has been undertaken across the Council in relation to Fraud and Investigations. This report is to “those charged with governance” which in the case of Sheffield City Council is the Audit and Standards Committee, to show the work that has been undertaken within Internal Audit and how this fits into the national picture. It will provide assurance on the work undertaken.
2. As reported previously the council no longer investigates Housing Benefits frauds. These are undertaken by the Single Fraud Investigation Service (SFIS) which is part of the Department of Work and Pensions (DWP). The team who previously undertook this work in Capita transferred to DWP.
3. The Cabinet Office is responsible for the National Fraud Initiative (NFI). This is a biennial process, where data is supplied from a number of Council systems and is matched to data supplied from other Councils and third parties such as DWP and banks and building societies. Any data matches are then supplied back to the Council to be investigated. This process is tracked and this report will show what the current situation is.
4. CIPFA produce an annual fraud and corruption tracker report, which correlates data from Councils and draws together an overall picture of fraud in Local Government across the Country. Information from the CIPFA report will be referenced in this report.
5. At the end of the report we have provided a checklist similar to previous years to provide the Audit and Standards Committee with assurance on the robustness of the Council's Counter Fraud arrangements. We have also noted the developments that we intend to take over the coming months to develop and update the Council's processes and strategies in relation to identifying and reducing fraud risk and in investigating incidents that occur.

Introduction

6. The current level of fraud reported in Local Government in 2016 is approximately £325 million; the actual level is estimated to be much higher than this at anything up to £2.2 billion. The total public sector fraud is estimated at £22 billion. The most significant areas by value is housing benefits and housing tenancy fraud, together accounting for 65% of the Local Government total. The most prevalent frauds committed relate to single person discount fraud which makes up over half of the reported frauds (but are of smaller value). (Source CIOFPA annual fraud and corruption tracker report).
7. These levels are significant and obviously reduce the resources available for front line services.
8. Sheffield City Council has robust processes to try to prevent and detect fraud. These have been reviewed and are included in the appendix to this report. The work of Internal Audit should also reduce the prevalence of frauds, by ensuring services and processes have robust controls in place.
9. In Sheffield City Council we require that Capita undertake an annual exercise into Single Person Discounts on Council tax. This exercise significantly reduces the risk of this type of fraud occurring.
10. The report highlights the work of Internal Audit in 2016/17 and proposed developments that are going to be undertaken this year.

Work undertaken in 2016/7

11. The volume of investigations undertaken by the Council has remained constant over the year (although significantly less than when housing benefits frauds were undertaken). The volume of cases undertaken by Internal Audit has also remained fairly static. In 2016/17, Internal Audit had 37 cases reported to it. Ten of these cases related to the theft of, or from, parking machines. Internal Audit were involved directly in the investigation of 16 of these cases and provided support to management (where applicable) in the remaining cases. Internal Audit has only a limited amount of qualified investigator resources and these are therefore targets at the most appropriate cases.
12. The cases reported to Internal Audit, covered a similar range of frauds as in previous years, with cases including false claims for services/benefits (blue badge applications) to theft and falsification of mileage claims. In all cases these were dealt with efficiently and following investigations appropriate sanctions were applied where the issues were found to be

proven. This resulted in a number of dismissals and in one case a member of staff was found guilty in court and had a suspended sentence for the theft of £11,000 of income. This was subsequently claimed from the Council's insurers.

13. In addition to the above cases the Council's Housing team were responsible for bringing 13 properties back for use by council tenants.
14. Parking services have also taken a more proactive approach to dealing with Blue Badge Fraud. The first batch of 17 individuals identified as fraudulently obtaining/ using a blue badge have now been taken through the magistrate's court and all 17 have been convicted.
15. There were a series of parking machine thefts in July 2016. These were spread across the City and included parks. Although the cash stolen in each case was only small in relation to the efforts taken by the criminals, the cost of replacing the machines amounted to over £60,000. Additional security measures were introduced by the council to try to prevent reoccurrence. The police were unable to apprehend the people responsible. No further cases of this type of theft were reported until May this year when several thefts from machines occurred (using different methods). Again the Council has reviewed its security arrangements in this area.
16. Other than in the case of theft (previously mentioned), no further internal cases were identified where the losses were significant. Where issues were identified during the investigation these were reported to management for action. In addition, where warranted, further work was undertaken in the form of additional audit reviews to ensure that where practicable, suitable measures are in place to minimise the chances of reoccurrence.
17. There have been a small number of whistle blowing cases which have been reported and investigated. These issues were all discussed with the Head of Strategic Finance, however in all cases there was no evidence of fraud taking place and no action was recommended against employees.
18. Four pieces of counter fraud work were undertaken and these did not identify any instances of fraud being undertaken. These were staff expenses payments, Right to Buy applications, petty cash expenditure and the completion of gifts and hospitality and declarations of interest. Recommendations have made in these areas where required, to improve control processes.
19. In addition, there was work on data matches relating to the NFI exercise which are reported later.

The Anti-Fraud plan for 2017/18

20. As can be seen from the Internal Audit plan for 2017/18 approximately 13% of the plan (or 213 days) is allocated to anti-fraud matters.
21. The plan covers 5 areas.
- Time for investigations (this is an allocation of time from which individual investigations are allocated).
 - Time to review and update the Council's anti-fraud arrangements.
 - Time to undertake work on the National Fraud Initiative, undertaking checking of the data matches and providing help and support to others reviewing the matches in service.
 - Time to undertake an annual review of the Housing Benefits processes, to include a review of the call centre provision.
 - Four reviews to access areas from an anti-fraud perspective which have been risk assessed as having a higher potential of fraud. This can be for a number of risk factors such as cash handling, or where control weaknesses were identified in the past. In the current year this will include Appointeeship Service, National Fraud report on Procurement Fraud, Analysis of Areas of High Fraud Risk, Vetting of New Starters and Agency Staff/Consultants.
22. At present, based upon the level of referrals in the past few years the resourcing should be adequate. However if the number of investigations should increase or become more complex, than resources may need to be reallocated in this area.

National Fraud Initiative (NFI)

23. This is a biennial exercise, which is organised through the Cabinet Office (previously the Audit Commission). The Council is mandated to supply a number of data sets covering such areas as payroll, pensions, creditors, debtors, housing tenants, supported care home residents, blue badge holders, insurance claims and the electoral roll. These were supplied to the Cabinet Office last September
24. A national exercise is undertaken to collate this information electronically and where appropriate to provide data matches. These matches were provided in January 2017. These could be frauds or error, but in most cases are a result of issues like timing differences in the data.
25. The National Fraud Initiative (NFI) for 2016/17 has returned 14,244 data matches for the council. These are categorised according to the

significance of the matches identified. The most significant matches are those classed as recommended. There were 4,466 matches in this category. So far the Council has managed to review 4,802 cases from the total data matches and closed these off. A further 35 cases are still being reviewed.

26. Internal Audit have provided support where required and have monitored and followed up actions until the cases were closed. Internal Audit will check the outcome and provide the required declaration that the exercise has been undertaken appropriately. Later this year there will a report which will show the outcomes of this work.

Other Potential Fraud Issues

27. The Council has a number of standard processes which aim to detect and remove potential frauds before they occur. Although these have the potential to be frauds, they dealt with as errors and are excluded from fraud recording. The issues raised appear for the most part to be repeated year on year and the normal work of internal audit is important in ensuring that services have the required controls in place to mitigate these fraud attempts.

28. Examples of the types of issues that we are referring to above are:

Phishing/ SMiSing – Increasingly individuals are being targeted within the Council in order to gain information. Other organisations are then reporting that this is being used to send through instructions to carry out bank transfers etc. As a Council we have noted some poor attempts at this, but we are always on our guard as they may get more professional. We are also regularly warning officers to be aware of these issues.

Bank Mandate Fraud – We continue to have attempted bank mandate frauds against us which simple checks have prevented being processed. The potential cost for these is significant. These frauds are all reported on line to Action Fraud for follow-up by the police.

Insurance Claims – We continue to have a number of instances where false or exaggerated claims have been submitted to the Council. These were found during checking procedures and were refused payment.

29. All of these issues highlighted are classed as suspicious incidents; these however were not prosecuted or reported as fraud

Checklist for those responsible for governance.

30. A checklist similar to previous years is included at Appendix A.
31. The tolerance of fraud within an organisation is a key element of a counter fraud framework. SCC has formally adopted a Policy Statement on Fraud & Corruption that underlines a zero tolerance to such acts. Fraud awareness training has been provided to services throughout the Council.

Developments in fraud investigation across the Council.

32. Internal Audit have undertaken a review of the investigations process in the Council and work has been undertaken to address the issues identified and to provide additional support and guidance to managers who undertake investigations. There is now a much closer and more structured working relationship between Internal Audit and HR as well as the Monitoring Officer to cover investigations and Whistle Blowing.
33. We are currently updating our strategies and policies for fraud and will be relaunching the drive for people to report frauds and other suspicious activity later in the summer along with a revised eLearning package.

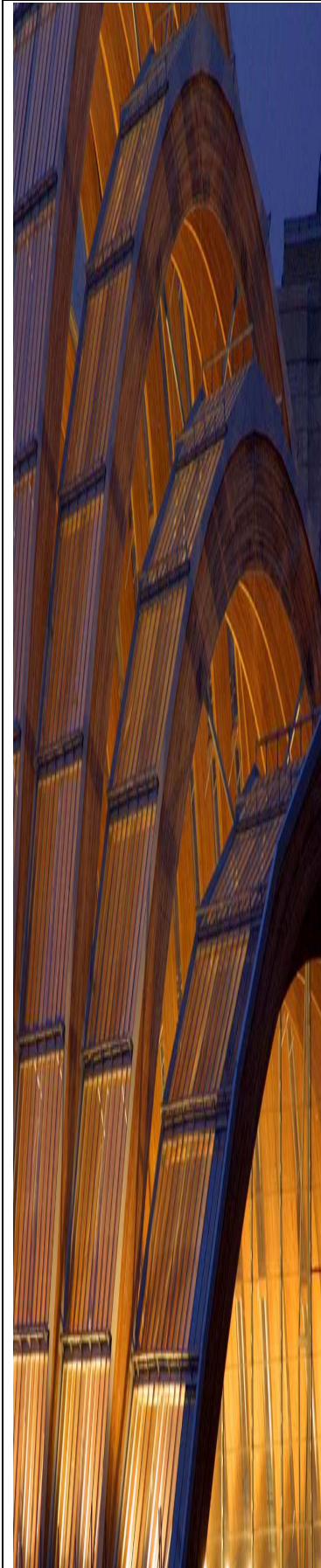
Training and Staff Development

34. The service remains committed to having a well-trained and qualified workforce to undertake investigations. The two officers in Internal Audit who undertake the majority of investigations work are both professionally qualified. They continue to support other officers in performing investigations where this is relevant.

Recommendations

35. That the Audit and Standards Committee notes the content of this report.
36. That the Audit and Standards Committee notes the completed checklist for those responsible for governance (Appendix A).

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Governance Checklist for Fraud 2016/17

**Sheffield City Council
July 2017**

**Prepared by Internal Audit
on Behalf of the Audit and
Standards Committee**

Introduction

The checklist allows councils to evaluate their arrangements. This document seeks to evaluate the arrangements in place within Sheffield City Council

This document has been prepared by Internal Audit to highlight to the Councils Audit and Standards Committee which is referred to as “those charged with governance” that the Council has in place adequate arrangements for the mitigation, detection and investigation of fraud that may occur within the Council.

General	Yes	No
1. Do we have a zero tolerance policy towards fraud?	✓	
<p><u>Actions</u></p> <p>The Policy Statement - Fraud & Corruption incorporates a message from the Chief Executive which clearly states the 'zero tolerance' approach of the authority. It incorporates the fact that any instances of fraud or corruption will be treated as gross misconduct. The Policy Statement forms part of the Corporate Code of Conduct for Employees.</p> <p>The 'zero-tolerance' message was included in fraud awareness training events which were delivered to managers/employees across SCC. This message was also incorporated into a fraud awareness course available to staff via e-learning.</p>		
	Yes	No
2. Do we have the right approach, and effective counter-fraud strategies, policies and plans? Have we aligned our strategy with Fighting Fraud Locally?	✓	
<p><u>Actions</u></p> <p>The following fraud related strategies, policies and plans are in place: Financial Regulations 2015 Code of Conduct for employees Policy Statement – Fraud & Corruption (Appendix to the above)* Money Laundering Policy* Whistleblowing Policy Regulation of Investigatory Powers Act Policy Internal Audit Plan (incorporating pro-active and re-active counter fraud assignments) Finance Service Plan (including specific counter-fraud related deliverables) Fraud Response Plan* Fraud Risk Management guidance Annual Governance Statement (Fraud Risks) Fraud awareness e-learning module.*</p> <p>(* these documents are currently being reviewed and updated).</p>		
	Yes	No
3. Do we have dedicated counter-fraud staff?	✓	
<p><u>Actions</u></p> <p>Service Managers are responsible for the investigation of fraud within their respective areas. Internal Audit has accredited officers available to investigate larger scale allegations and provide advice to managers.</p> <p>Internal Audit has a limited resource for fraud investigation as outlined in the Annual Plan. At present there are two qualified fraud investigator in the service.</p> <p>There are dedicated officers in trading standards and in housing to investigate housing tenancy fraud.</p>		

	Yes	No
4. Do counter-fraud staff review all the work of our organisation?		✓
<p><u>Actions</u></p> <p>Internal Audit maintains a resource to address fraud issues e.g. policy issues, serious allegations etc. and the Internal Audit plan contains a small number of counter fraud exercises to review specific fraud risks.</p> <p>Service Management has the primary responsibility for internal fraud investigation (with the support of Human Resources).</p> <p>Internal Audit operates a risk based approach to auditing and key risks are identified for inclusion in the audit plan in conjunction with Service management. Internal Audit considers fraud risk for inclusion in the scope of each audit review.</p> <p><i>Action has been taken to address issues identified in a recent Internal Audit review of this area.</i></p>		
	Yes	No
5. Does a councillor have portfolio responsibility for fighting fraud across the council?		✓
<p><u>Actions</u></p> <p>Olivia Blake is the new Deputy Leader and Cabinet member for Finance and Resources. Her responsibilities align to the resources portfolio which encompassed Internal Audit. There is no specific responsibility delegated to the post to cover fighting fraud across the Council. All members of the Cabinet are responsible for fraud in their area, and are held to account by the Council as a whole.</p> <p>Internal Audit will arrange to brief Cllr Blake on the work undertaken by Internal Audit in relation to Fraud Investigations.</p> <p>The Audit and Standards Committee receive reports on Fraud arrangements across the Council.</p>		
	Yes	No
6. Do we receive regular reports on how well we are tackling fraud risks, carrying out plans and delivering outcomes?	✓	
<p><u>Actions</u></p> <p>The Annual Governance Statement provides a level of assurance that fraud risks have been identified and addressed.</p> <p>The Internal Audit Plan is endorsed by the Audit and Standards Committee on an annual basis and the Senior Finance Manager (Internal Audit) produces an annual report which includes information on counter fraud activities.</p>		

	Yes	No
7. Have we assessed our management of counter-fraud work against good practice?	✓	
<p><u>Actions</u></p> <p>A new code of practice was produced by CIPFA at the end of March 2016 and we will review our practice against this. In preparation for this Internal Audit has undertaken a questionnaire with a quarter of Sheffield City Council staff to gauge their understanding of anti-fraud culture and where these need to be strengthened. Internal Audit have also attended National Anti-Fraud Network Conference and South and West Yorkshire investigators forums where best practice is shared and this is incorporated into our methods of working. This work is included with the 2017 Internal Audit Plan.</p>		
	Yes	No
8. Do we raise awareness of fraud risks with:		
■ new staff (including agency staff);	✓	
■ existing staff;	✓	
■ elected members; and	✓	
■ our contractors	✓	
<p><u>Actions</u></p> <p>Fraud is specifically covered in the Officer Code of Conduct. It is a requirement that all agency staff must comply with the code and it is the appointing manager's responsibility to ensure that the individuals concerned are fully compliant with the code at the start of their appointment. Specific short term appointments such as those of polling clerks may not cover, the full code, but specific fraud issues pertinent to these posts are specifically raised with the individuals concerned.</p> <p>Additional training has been provided to key staff on request. In addition there is an online training programme for fraud. This will be updated shortly, now that the Council's eLearning platform has been updated.</p> <p>A campaign will be launched later in the Summer to highlight to all staff and the wider public the Council's fraud identification and how to report fraud.</p> <p>Commercial fraud risks are addressed by a requirement for contractors to comply with all current legislation (and indemnity provision) being incorporated into the standard terms and conditions. In addition specific anti-competitive and anti-bribery conditions apply to the contracting process. Work in the area is included within the 2017 Internal Audit Plan.</p>		

	Yes	No
9. Do we work well with national, regional and local networks and partnerships to ensure we know about current fraud risks and issues?	✓	

Actions

SCC maintains membership with Core Cities and the South & West Yorkshire fraud Investigators Group.

There is a Service Level Agreement (SLA) in place between the Council and Department for Work and Pensions (DWP) to cover the requirements brought in as a result of the new Single Fraud Investigation Service (SFIS) This was reviewed in 2016 and was found to be working satisfactorily.

The National Anti-Fraud Network (NAFN) and the Financial Crime Information Network provide bulletins on current fraud risks. Internal Audit staff are members of professional bodies such as CIPFA, Institute of Internal Auditors and CIMA. These bodies provide periodic updates in areas such as fraud risks. These updates are cascaded throughout the team as appropriate.

CIPFA has now become the lead Accountancy Body for fraud governance arrangements in local Councils following the demise of the Audit Commission. Internal Audit is closely monitoring developments and will use the new guidance produced by CIPFA to benchmark its services against.

	Yes	No
10. Do we work well with other organisations to ensure we effectively share knowledge and data about fraud and fraudsters?	✓	

Actions

As 9 and 10 above plus:

The Cabinet Office National Fraud Initiative (NFI) operates under formal arrangements and provides for the sharing of data between local authorities and other participating organisations. As part of the South and West Yorkshire investigators group information on fraud issues is shared on a regular basis. A shared portal has been developed by Cheshire Council to allow this to be undertaken in an easier way.

Internal Audit maintains an informal working arrangement with South Yorkshire Police.

We also use the online reporting system to Action Fraud.

	Yes	No
11. Do we identify areas where our internal controls may not be performing as well as intended? How quickly do we then take action?	✓	
<p><u>Actions</u></p> <p>The annual Internal Audit Plan includes 'risk-based' audits based on a risk assessment and discussion with Service Directors. Each of these reviews includes an assessment of the internal controls within scope to identify instances in which they are not present or not working effectively. Auditors consider fraud risks for each assignment.</p> <p>Where appropriate recommendations are made to improve internal controls at the conclusion of each review, implementation is confirmed with the client and followed up.</p> <p>A small number of pro-active counter fraud reviews are included in the Internal Audit Plan that focuses on activities where, due to the nature of the service, the risk of fraudulent activity is heightened. At the conclusion of appropriate re-active investigations, systems and controls are reviewed to identify weaknesses and to recommend improvements to prevent future instances of fraud both within the relevant service area and corporately.</p> <p>A number of audits were undertaken following investigations to provide assurance to service areas where flawed internal controls had been identified during the investigation process.</p>		
	Yes	No
12. Do we maximise the benefit of our participation in the Cabinet Office National Fraud Initiative and receive reports on our outcomes?	✓	
<p><u>Actions</u></p> <p>The Council has been a participant in the NFI since 1995. Data matches are circulated to all relevant service areas and Capita for examination and resolution. Internal Audit maintains a coordinating and advisory role in addition to responsibility for examination of some data matches and validates the outcomes prior to the conclusion of each exercise.</p> <p>SCC participated in the NFI Council Tax and single person discount data matching exercise for the first time in 2012 and this is now an annual exercise. During the year Internal Audit reviewed the arrangements undertaken by Capita with regards to single person's discount. It was observed that their process was more robust than the NFI as it included additional data matches and filters. Going forward the Capita process will be used instead of the NFI process for this one aspect.</p>		
	Yes	No
13. Do we have arrangements in place that encourage our staff to raise their concerns about money laundering?	✓	
<p><u>Actions</u></p> <p>SCC has adopted a detailed Anti Money Laundering Policy. This document includes an appendix which contains guidance to staff and is available via the Intranet. Incidents are reported to Internal Audit and in turn the National Crime Agency where appropriate.</p>		

	Yes	No
14. Do we have effective arrangements for:		
■ reporting fraud; and	✓	
■ recording fraud	✓	
<p><u>Actions</u></p> <p>Financial Regulations require Executive Directors to ensure that Internal Audit (on behalf of the Section 151 officer) is notified of all incidents of financial irregularity. Internal Audit records each reported incident.</p> <p>Fraud attempts against SCC have also been reported to Action Fraud.</p> <p>Although the above controls are in place, full compliance cannot be assured.</p> <p>A key issue to be reviewed going forward is to identify and record not only proven fraud activity, but also areas which are serious issues where actual fraud is indicated, but not proven.</p>		
	Yes	No
15. Do we have effective whistle-blowing arrangements? In particular are staff:		
■ aware of our whistle-blowing arrangements	✓	
■ have confidence in the confidentiality of those arrangements	✓	
■ confident that any concerns raised will be addressed	✓	
<p><u>Actions</u></p> <p>SCC has adopted an extensive Whistleblowing Policy that contains an explanation on whistleblowing arrangements and the reporting access routes including the details of designated contact officers. The Human Resources Service maintains a central register of allegations. Whistle blowing allegations are all reviewed and where appropriate fully investigated by someone independent of the area.</p> <p>It is noted that during the current year the number of whistleblowing actions with the potential to uncover fraud has risen. These are always dealt in confidence and followed up promptly.</p> <p>Regular meetings now take place with between Internal Audit, the Head of HR, and the Monitoring Officer to review Whistleblowing and Investigation cases.</p>		

	Yes	No
16. Do we have effective fidelity insurance arrangements?	✓	
<p><u>Actions</u></p> <p>SCC has adequate fidelity insurance cover.</p> <p>There is an annual requirement to complete a pro-forma for the fidelity guarantee insurance. This is undertaken by the Insurance Section with input from Internal Audit. This has recently been completed for the forthcoming year and accepted by the insurance company.</p>		
Fighting Fraud with reduced Resources	Yes	No
17. Are we confident that we have sufficient counter-fraud capacity and capability to detect and prevent fraud, once the SFIS has been fully implemented?	✓	
<p><u>Actions</u></p> <p>The Internal Audit plan is produced on an annual basis. The formulation of this plan incorporates new and emerging risks including those associated with the current financial climate. The resources are under review as there is very little capacity in the system should a major incident (or a number of smaller incidents) occur.</p>		
Current risks and issues	Yes	No
Housing tenancy		
18. Do we take proper action to ensure that we only allocate social housing to those who are eligible?	✓	
<p><u>Actions</u></p> <p>A revised lettings policy was presented to Cabinet on 20th March 2013. There is a vetting and validation process in place to confirm identity and eligibility of each individual prior to the letting of any property.</p>		
	Yes	No
19. Do we take proper action to ensure that social housing is occupied by those to whom it is allocated?	✓	
<p><u>Actions</u></p> <p>Home visits and day to day contact with tenants provides assurance on occupancy however resources have been allocated to recover properties identified. The NFI process also identifies issues with tenancies.</p> <p>The 2016/17 Internal Audit plan included a Counter Fraud review of the arrangements in this area.</p>		

Procurement	Yes	No
20. Are we satisfied our procurement controls are working as intended?	✓	
<p><u>Actions</u></p> <p>Internal Audit work is planned in this area for 2017.</p>		
	Yes	No
21. Have we reviewed our contract letting procedures to ensure they are in line with best practice?	✓	
<p><u>Actions</u></p> <p>Aspects of contract letting feature in the Internal Audit annual plan. Internal Audit conducted the following reviews: Commercial Services, Use of Consultants, and Contract Waivers. All audits covering the letting or management of contracts now include testing in this area.</p> <p>A review of the areas of devolved procurement across the Council was examined as part of the 2016/17 plan.</p>		
Recruitment	Yes	No
22. Are we satisfied our recruitment procedures:		
■ prevent us employing people working under false identities;	✓	
■ confirm employment references effectively;	✓	
■ ensure applicants are eligible to work in the UK; and	✓	
■ require agencies supplying us with staff to undertake the checks that we require?	✓	
<p><u>Actions</u></p> <p>The Council has in place controls to ensure that all of the above areas are covered; this included a requirement for the Council's Agency Staff provider to complete the appropriate propriety checking.</p> <p>Internal Audit has completed testing in this area as part of its normal auditing work, and no issues have been found in the performance of the controls linked to the above areas.</p> <p>The National Fraud Initiative matches payroll records against Immigration records every two years and reports any instances of potential illegal working for investigation. The most recent NFI exercise reports were delivered in February 2017 and there were no Immigration matches identified.</p> <p>Work is planned in this area of the 2017 internal audit plan to examine the vetting of new starts and contractors.</p>		

Council tax discount	Yes	No
23. Do we take proper action to ensure that we only award discounts and allowances to those who are eligible?	✓	
<p><u>Actions</u></p> <p>The Council Tax and Business Rates systems (including discounts) are regularly reviewed by Internal Audit as part of the assurance provided on the Council's main financial systems.</p> <p>Capita undertake an annual exercise to review the application of single person discounts. This includes checking with third parties and has consistently controlled the validity of this discount.</p>		
Other fraud risks	Yes	No
24. Do we have appropriate and proportionate defences against emerging fraud risks:		
■ business rates;	✓	
■ Right to Buy;		✓
■ council tax reduction;	✓	
■ schools	✓	
■ grants	✓	
<p><u>Actions</u></p> <p>Emerging fraud risks are taken into account in the formulation of the Internal Audit annual plan in addition to other identified risks. Examination of emerging risks is included in the scope of planned audits or scheduled for specific future review. A review of the External Grants team is in the plan for 2017.</p>		



Audit and Standards Committee Report

Report of: Director of Legal and Governance

Date: 13 July 2017

Subject: Work Programme

Author of Report: Dave Ross, Democratic Services (0114 273 5033)

Summary:

The report provides details of an outline work programme for the Committee

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 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.

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 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. In addition, it also now includes standards' related matters such as a regular report providing an update on the outcome of Standards complaints.

2.2 An outline programme is attached and Members are asked to identify any further items for inclusion.

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.

**Gillian Duckworth
Director of Legal and Governance**

Date	Item	Author
14 September 2017	Report to Those Charged with Governance (ISA 260)	KPMG
	Statement of Accounts	Dave Phillips (Head of Finance)
	Internal Audit Annual Report 2016/17	Kayleigh Inman (Senior Finance Manager)
	Update on Outcome Planning	John Mothersole (Chief Executive)
	Revised Procedure for Dealing with Standards Complaints	Gillian Duckworth (Director of Legal and Governance)
	Review of the Member/Officer Protocol	Gillian Duckworth (Director of Legal and Governance)
	Update on Standards Complaints	Dave Ross (Legal and Governance)
	Audit and Standards Committee Annual Report	Dave Ross (Legal and Governance)
	Work Programme	Dave Ross (Legal and Governance)
16 November 2017	Annual Audit Letter 2016/17	KPMG
	Annual Ombudsman and Complaints Report 2016/17	Andrew Fellows (Customer Services Manager)
	Strategic Risk Management	Richard Garrad (Corporate Risk Manager)
	Work Programme	Dave Ross (Legal and Governance)
14 December 2017	(Additional meeting if required)	
11 January 2018	Progress on High Opinion Audit Reports	Kayleigh Inman (Senior Finance Manager)
	Update on Standards Complaints	Dave Ross (Legal and Governance)
	Work Programme	Dave Ross (Legal and Governance)
8 February 2018	(Additional meeting if required)	
8 March 2018	(Additional meeting if required)	

12 April 2018	Internal Audit Plan 2018/19	Kayleigh Inman (Senior Finance Manager)
	Internal Audit Annual Fraud Report	Kayleigh Inman (Senior Finance Manager)
	Compliance with International Auditing Standards	Dave Phillips (Head of Finance)
	Certification of Claims and Returns Annual Report 2016/17	KPMG
	External Audit Plan 2017/18	KPMG
	Annual Audit Fee Letter 2018/19	KPMG
	Strategic Risk Management	Richard Garrad (Corporate Risk Manager)
	Work Programme	Dave Ross (Legal and Governance)
14 June 2018	Summary of the Statement of Accounts	Dave Phillips (Head of Finance)
	Work Programme	Dave Ross (Legal and Governance)
26 July 2018	Report to Those Charged with Governance (ISA 260)	KPMG
	Statement of Accounts	Dave Phillips (Head of Finance)
	Annual Governance Statement	Gillian Duckworth (Director of Legal and Governance)
	Progress on High Opinion Audit Reports	Kayleigh Inman (Senior Finance Manager)
	Update on Standards Complaints	Dave Ross (Legal and Governance)
	Audit and Standards Committee Annual Report	Dave Ross (Legal and Governance)
	Work Programme	Dave Ross (Legal and Governance)

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