

# Audit and Standards Committee

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**Thursday 10 June 2021 at 5.00 pm**

**Town Hall, Sheffield, S1 2HH**

**The Press and Public are Welcome to Attend**

## **Membership**

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Councillors Sioned-Mair Richards (Chair), Simon Clement-Jones (Deputy Chair), Angela Argenzio, Mohammed Mahroof, Josie Paszek, Ben Curran and David Barker.

## **Independent Co-opted Members**

Alison Howard.

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## **PUBLIC ACCESS TO THE MEETING**

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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 Sarah Cottam in Democratic Services on 0114 273 5033 or email [sarah.cottam@sheffield.gov.uk](mailto:sarah.cottam@sheffield.gov.uk).

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## **FACILITIES**

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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.

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**AUDIT AND STANDARDS COMMITTEE AGENDA  
10 JUNE 2021**

**Order of Business**

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- 1. Welcome and Housekeeping Arrangements**
- 2. Appointment of Chair and Deputy Chair**  
To note the appointment of the Chair of the Committee for the municipal year 2021-22 and to appoint the Deputy Chair of the Committee for the municipal year 2021-22.
- 3. Apologies for Absence**
- 4. Exclusion of the Press and Public**  
To identify items where resolutions may be moved to exclude the press and public.
- 5. Declarations of Interest** (Pages 5 - 8)  
Members to declare any interests they have in the business to be considered at the meeting.
- 6. Minutes of Previous Meeting** (Pages 9 - 14)  
To approve the minutes of the meeting of the Committee held on 22<sup>nd</sup> April 2021.
- 7. Audit and Standards Committee Terms of Reference** (Pages 15 - 20)  
Report of the Director of Legal and Governance.
- 8. Internal Audit Annual Fraud Report** (Pages 21 - 44)  
Report of the Senior Finance Manager (Internal Audit)
- 9. External Assessment - Peer Review Terms of Reference** (Pages 45 - 50)  
Report of the Senior Finance Manager (Internal Audit)
- 10. Closing Certificate for the 19/20 External Audit** (Pages 51 - 56)  
Report of Executive Director of Resources, Local Authority Section 151 Officer
- 11. Work Programme** (Pages 57 - 64)  
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:-  
  
29<sup>th</sup> July 2021;  
23<sup>rd</sup> September 2021;  
21<sup>st</sup> October 2021;  
9<sup>th</sup> December 2021;

20<sup>th</sup> January 2022;  
24<sup>th</sup> February 2022 (Additional if needed);  
24<sup>th</sup> March 2022 (Additional if needed);  
28<sup>th</sup> April 2022;  
16<sup>th</sup> June 2022;  
21<sup>st</sup> July 2022.

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## ADVICE TO MEMBERS ON DECLARING INTERESTS AT MEETINGS

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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](mailto:gillian.duckworth@sheffield.gov.uk).

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Audit and Standards Committee

Meeting held 22 April 2021

**PRESENT:** Councillors Sioned-Mair Richards (Chair), Simon Clement-Jones, Angela Argenzio, Mohammed Mahroof, Dianne Hurst and Alison Howard (Independent Co-Opted Member)

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**1. APOLOGIES FOR ABSENCE**

1.1 Apologies for absence were received from Councillor Adam Hurst.

**2. EXCLUSION OF THE PRESS AND PUBLIC**

2.1 No items were identified where resolutions may be moved to exclude the press and public.

**3. DECLARATIONS OF INTEREST**

3.1 There were no declarations of interest made.

**4. MINUTES OF PREVIOUS MEETING**

4.1 The minutes of the meeting of the Committee held on 25<sup>th</sup> March 2021 were approved as a correct record.

**5. EDUCATION HEALTHCARE PLAN**

5.1 The Director of Education and Skills submitted a report to the committee to provide an overview of the work undertaken to improve the quality and timeliness of the Education Health care Plans (EHCP) in 2020-21 and to improve the experience of children and their families when part of the process.

5.2 Andrews Jones, Director of Educations and Skills and Tim Armstrong Head of Special Educational Needs were in attendance to present the report and answer questions.

5.3 Following the publication of the Annual Ombudsman Report 2019-20 and after discussion with the Audit and Standards Committee in February 2021, it was requested that an update be brought back for consideration by the committee.

5.4 In January 2020, 15.7% of children and young people in Sheffield schools were identified as having a special educational need; this included both children with EHC plans and those receiving SEN support. This was 0.3% above the statistical

neighbour average and 0.5% above England as a whole. The proportion of children and young people in schools with an EHC plan in Sheffield continued to be below the national average 2.7% compared to 3.3% nationally.

5.5 SEN support in Sheffield had been higher than in England as a whole, 13% compared with 11.9% nationally as reported in the 2020 school census. In the last 5 years, the proportion of SEN support pupils had declined by 1% locally, whilst increasing nationally by 0.4%.

5.6 It was advised that since 2014, there had been a significant increase in young people over statutory school age having EHC plans. In January 2014, the number was 157, by January 2017 it had risen to 581 and by January 2020 the total was at 926. There had been increase particularly FE-related provision at 584 in January 2020 and 196 of those who applied to schools.

5.7 The Director of Education and Skills advised that-

- There had been an increase in the number of EHC plans in Sheffield over the past 5 years.
- Sheffield had a higher rate of children with SEN support than nationally.
- Sheffield had a lower rate of children with an EHC plan than nationally.
- Overall, Sheffield had a higher-than-average percentage of children with SEND in schools than nationally.

5.8 Like many areas within Education, since the 2019-20 ombudsman report, there had been significant impact because of covid. In April 2020, The Coronavirus Act 2020, temporarily lifted the statutory duty on local authorities to maintain the precise provision for EHC plans, with local authorities needing to instead to apply 'reasonable endeavours' to support children and their families.

5.9 Throughout the pandemic Sheffield City Council continued to prioritise the EHC assessment process and although timeliness had fallen due to the ways of working in the pandemic, this had been held consistent at the 50% mark.

5.10 The Committee were advised that the service recognised the number of complaints were due to the timeliness in dealing with the EHC plans and the service was currently working on reducing these.

5.11 Significant improvement activity has been taking place both prior and during the pandemic to the process and this had been done through updating letters to parents and carers in a plainer English style, greater telephone contact was being made to families from the SENDSAR Team throughout the EHC plan process to ensure clarity about the next steps and decision outcomes. It was felt this would make the process more personable and would allow any issues to be resolved in an easier way. It was advised that where possible earlier decision making would be made throughout the 20-week period

5.12 Members asked numerous questions and responses are summarised as followed –

5.13 In terms of the amount of EHC plans for children in the City there was not

necessarily more applications for EHC plans than the national average, however there was a higher-than-average percentage of children with SEN needs in the City, this could be due to deprivation, however there was no national research to confirm.

- 5.14 The timeframe for dealing with an application for EHC plan was over a 20-week period. At the moment in Sheffield there was between 170-180 in the process, with 48 over the 20-week timeframe, however this changed daily. It was advised that officers were trying to drill down why. It was advised that some parts of the process were done well, with other parts needing improvement.
- 5.15 When questioned around the differences between different parts of the City the Head of Special Educational Needs advised that locality D, East of the City had the most children with EHC plans. It was advised that more informed parents would ask more questions.
- 5.16 There had been no reduction in requests for assessments due to covid, this had increased due to the impact of covid upon children.
- 5.17 It was advised that improvements had been made around home education provision. Elective home education had been invested in and the Council offered a dedicated home education advisory team to parents. Further investment had been made on additional officers to monitor and track children being home educated.
- 5.18 At present an officer could have up to 200 assessments in their caseload at any one time. It was advised that that a significant funding increase has allowed substantial investment to bring in four Inclusion Officers and Locality Managers.
- 5.19 The Committee were advised that the development of Education and Skills was a good way to respond to the issues raised. The department had a responsibility within the service for Adult Education and SEND as these sat within the same directorate. The Director of Education and Skills found the process with Members would help with improvements and would be happy to report back to the committee in 6 months' time.
- 5.20 Councillor Clement-Jones commented that he found the current way of working lacked compassion from the system. He found the report initially disappointing but thanked the Officers for the update and for trying to implement improvements.
- 5.21 The Director of Education and Skills advised the Committee that the service works closely with colleagues in legal services who provide advice to avoid tribunal cases. The tribunal process was already adversarial without legal colleagues.
- 5.22 The Director of Education and Skills advised that overall the service felt better, but it still had a long way to go with improvements.
- 5.23 **RESOLVED:** - That (1) the report be noted and (2) a further update be brought to the committee in 6 months' time.

## 6. CHANGE OF ORDER OF AGENDA ITEMS

- 6.1 **RESOLVED:** - The Chair agreed that Item 10 on the agenda, Audit Results (260) Recommendations be considered at item 7.

## 7. AUDIT RESULTS (ISA 260) RECOMMENDATIONS

- 7.1 The external auditors Janet Dawson and Hayley Clarke from Ernst and Young provided an update on the Audit results (ISA 260) recommendations.
- 7.2 The external auditors advised the committee that they were now ready to give their opinion on the Audit results (ISA 260) recommendations. It was advised that there were no matters to report.
- 7.3 Key points to note were within the audit differences and this was set out in section four of the Audit Results report. It was reported that the differences made no material impact. It has been agreed with management that the final adjustments be made.
- 7.4 It was proposed that the Statement of Accounts would be signed off next week.
- 7.5 Following questions from members it was advised that an error within the report of £18.5m was due to a formula error and was not an overall issue, and in terms of the adjustments needed in the accounts these would be corrected where possible and any due to formula errors would self-correct in following years.
- 7.6 Thanks were given to all involved for their hard work over the tough year experienced.
- 7.7 **RESOLVED:** - that the Committee
- 1) Notes the 2019-20 Sheffield City Council Audit Results report, and
  - 2) That the Audit and Standards Committee approves the Statement of Accounts for 2019-20 and gives approval for the Chair of Audit and Standards Committee to conclude the audit by signing the Letter of Management Representations and the Statement of Accounts for 2019-20 following the meeting.

## 8 INTERNAL AUDIT PLAN 2021/22

- 8.1 The Senior Finance Manager (Internal Audit) submitted a report presenting the Internal Audit planning methodology and programme of work for 2021/22.
- 8.2 In introducing the report, Linda Hunter, Senior Finance Manager (Internal Audit), advised that because of the pandemic, the plan needed to be flexible and

reactive, to respond promptly to changing issues and risks that required internal audit review and input.

8.3 Appendix one to the report outlined all the audits for this year, assessed on priority of high, medium, low and statutory. There were 117 reviews with approximately 1700 days to complete them in.

8.4 **RESOLVED:** - in respect of the provision of the statutory internal audit function and to comply with best professional practice, the committee endorses the programme of work for 2021-22.

## 9. **PROGRESS ON HIGH OPINION AUDIT REPORTS**

The Senior Finance Manager, Internal Audit, submitted a report providing an updated position on implementation of recommendations contained in audit reports issued with a high opinion or a limited/no assurance opinion and high organisational impact assessment.

9.1 The report had recently been to Executive Management Team (EMT) and the new Chief Executive Officer was very supportive of the work and requested that a RAG rating be included to the report. Any critical recommendations have also been allocated a nominated EMT member.

9.2 There were currently two critical recommendations, OHMS system recommendation being taken forward by Mick Crofts, Executive Director - Place and Software Licensing recommendation being taken forward by Eugene Walker, Executive Director – Resources.

9.3 Following questions from members it was advised that the Chief Executive and EMT agreed that there would be a consistent approach for each portfolio to be able to track recommendations, for example through SharePoint. Priority would be given to red and amber recommendations.

9.4 **RESOLVED:** - that the Committee

- 1) Notes the content of the report
- 2) Agrees to the removal of the following from the tracker report
  - Revenues and Benefits Contact Centre
  - Automatic Number Plate Recognition (ANPR) Review

## 10. **COMPLIANCE WITH INTERNATIONAL AUDITING STANDARDS**

10.1 The Head of Strategic Finance submitted a report enabling the Committee to

demonstrate to the External Auditors and the wider audience that it had exercised the required oversight to meet the requirements of the International Standards on Auditing. The report drew together much of the work undertaken by the Committee in the past year.

10.2 **RESOLVED:** - that the Committee

- 1) confirms that the report gave an accurate reflection of the reports that they had received and considered throughout the year and,
- 2) confirms that they now had an overview of the Council's systems of internal control so that they were now assured that they were fulfilling the requirements of "those charged with governance" under the International Auditing Standards

11. **WORK PROGRAMME**

11.1 The Committee considered a report of the Director of Legal and Governance that outlined the work programme for the remainder of the municipal year. The committee were advised that a new work programme would be produced and brought to the next meeting of the committee in June. The Committee requested that guidance on report writing be included within the new work programme to aid officer's when writing reports for Audit and Standards Committee.

11.2 The next meeting of the Audit and Standards Committee would consider -

- Internal Audit Annual Fraud Report
- Annual Audit Fee Letter 2020-21
- Annual Audit Letter 2019-20
- External Audit Plan 2020-21
- Work Programme

11.3 **RESOLVED:** - that (1) the work programme be noted; and (2) guidance on report writing be included in the new work programme.

12 **DATES OF FUTURE MEETINGS**

12.1 Future meetings of the Audit and Standards Committee would be held on:

Thursday 10<sup>th</sup> June 2021  
Thursday 29<sup>th</sup> July 2021



## Audit and Standards Committee Report

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**Report of:** Director of Legal and Governance

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**Date:** 10<sup>th</sup> June 2021

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**Subject:** Terms of Reference

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**Author of Report:** Sarah Cottam, Democratic Services  
(Tel - 0114 273 4015)

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**Summary:**

The report provides details of the terms of reference for Audit and Standards Committee.

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**Recommendations:**

That the Committee: -

- (a) notes the terms of reference and understand the remit of the Audit and Standards Committee.
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**Background Papers:** None

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**Category of Report:** OPEN

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## Statutory and Council Policy Checklist

<b>Financial Implications</b>
NO Cleared by:
<b>Legal Implications</b>
NO Cleared by:
<b>Equality of Opportunity Implications</b>
NO Cleared by:
<b>Tackling Health Inequalities Implications</b>
NO
<b>Human rights Implications</b>
NO:
<b>Environmental and Sustainability implications</b>
NO
<b>Economic impact</b>
NO
<b>Community safety implications</b>
NO
<b>Human resources implications</b>
NO
<b>Property implications</b>
NO
<b>Area(s) affected</b>
NONE
<b>Is the item a matter which is reserved for approval by the City Council?</b>
NO
<b>Press release</b>
NO



## WORK PROGRAMME

### 1. Purpose of Report

- 1.1 To note the terms of reference and understand the remit of the Audit and Standards Committee.

### 2. Terms of Reference

- 2.1 The terms of reference are approved by full Council and are included at Part 3 (responsibility for functions) of the Council's Constitution

#### 2.2 Extract from the Constitution

*The Council (in this Article 'the City Council') will establish an Audit and Standards Committee to determine complaints under the Code of Members' Conduct referred to it by the Monitoring Officer and promote high standards of Councillor conduct.*

#### 9.1.1 **Composition**

*The Audit and Standards Committee will comprise: -*

- (i) 7 (non-executive) Members with proportionality applied.*
- (ii) a maximum of 3 non-voting co-opted members.*

*(Where standards related matters are to be considered by the Committee, the three Parish/Town Councils would be invited to jointly send one representative to attend the meeting for those items as an observer).*

#### 9.1.2 **Role and Functions**

*The Audit and Standards Committee and its Sub-Committees will have the terms of reference as set out in Part 3 of this Constitution.*

- 2.2 The terms of reference for Audit and Standards Committee are attached as an appendix to this report.
- 2.3 Training will be provided to ensure members can confidently carry out their role on the Committee.

### 3. Recommendation

- 3.1 That the Committee: -

- (a) Notes the terms of reference and understands the remit of the Audit and Standards Committee.

**Gillian Duckworth**  
**Director of Legal and Governance**

## **AUDIT AND STANDARDS COMMITTEE**

### **Terms of Reference**

#### Accounts

- (1) To approve the Council's Statement of Accounts (which includes the Annual Governance Statement) in accordance with the Accounts and Audit Regulations 2003 as amended.
- (2) To consider and accept the Annual Letter from the External Auditor in accordance with the Accounts and Audit Regulations 2003 as amended and to monitor the Council's response to any issues of concern identified.
- (3) To consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

#### Audit Activity

- (4) To consider the Internal Audit annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
- (5) To consider summaries of specific Internal Audit reports as requested.
- (6) To consider reports dealing with the management and performance of the Internal Audit service, including compliance with Public Sector Internal Audit Standards.
- (7) To consider reports dealing with the implementation of agreed Internal Audit recommendations.
- (8) To consider any report from Internal Audit on agreed recommendations not implemented within a reasonable timescale.
- (9) To consider specific reports as agreed with the external auditor.
- (10) To comment on the scope and depth of external audit work and to ensure it gives value for money.
- (11) To liaise with the Public Sector Audit Appointments or any relevant organisation over the appointment of the Council's external auditor and to decide upon the appointment process for the external auditor and to participate in the process, as and when required.

#### Regulatory Framework and Risk Management

- (12) To maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.
- (13) To monitor the effective development and operation of risk management in the Council.
- (14) To monitor Council policies on the anti-fraud and anti-corruption strategy.
- (15) To oversee the production of the Council's Annual Governance Statement and monitor progress on any issues and consider the Council's compliance with its own and other published standards and controls.

#### Standards

- (16) To promote and maintain high standards of conduct by Councillors, Co-opted Members and Representatives on Committees and Sub-Committees.
- (17) To assist Councillors, Co-opted Members and Representatives to observe the Members' Code of Conduct.
- (18) To advise the Council on the adoption or revision of the Members' Code of Conduct and Protocols relating to Councillor and Officer behaviour.
- (19) To monitor the operation of the Members' Code of Conduct.
- (20) To advise, train or arrange to train Councillors, Co-opted Members and Representatives on matters relating to the Members' Code of Conduct.
- (21) To monitor, review and make recommendations to the Council with regard to the Learning and Development policy for Councillors, Co-opted members and Representatives.
- (22) To discharge the functions of dealing with complaints against Councillors and Co-opted Members as set out in Procedure for Dealing with Complaints Regarding City, Parish and Town Councillors and Co-Opted Members.
- (23) To advise the Council on the adoption and revision of its Whistle-blowing Policy and monitoring the operation of that Policy.
- (24) To monitor and review procedures relating to gifts, hospitality and personal interests, for Councillors and officers.
- (25) To monitor the Council's complaints process and the Council's response to complaints to the Ombudsman.



## Audit and Standards Committee Report

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**Report of:** Senior Finance Manager, Internal Audit

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**Date:** 10<sup>th</sup> June 2021

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**Subject:** Internal Audit Annual Fraud Report 2020/21

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**Author of Report:** Stephen Bower, Internal Audit and Risk Manager

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**Summary:** The purpose of this report is to inform the Audit and Standards Committee of the outcomes of the work undertaken by Internal Audit on fraud and corruption during 2020/21 and the proposed work for 2021/22.

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### Recommendations:

1. That the Audit and Standards Committee Members note the content of this report.
  2. That the Audit and Standards Committee Members note that the Council's policies in relation to fraud and corruption have been reviewed and fulfil the required governance arrangements for the Council.
  3. That the Audit and Standards Committee Members note the completed checklist for those responsible for governance (Appendix A).
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### Background Papers:

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**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).'

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## Statutory and Council Policy Checklist

<b>Financial implications</b>
<del>YES</del> /NO Cleared by: L Hunter
<b>Legal implications</b>
<del>Yes</del> /NO
<b>Equality of Opportunity implications</b>
<del>YES</del> /NO
<b>Tackling Health Inequalities implications</b>
<del>YES</del> /NO
<b>Human rights implications</b>
<del>YES</del> /NO
<b>Environmental and Sustainability implications</b>
<del>YES</del> /NO
<b>Economic impact</b>
<del>YES</del> /NO
<b>Community safety implications</b>
<del>YES</del> /NO
<b>Human resources implications</b>
<del>YES</del> /NO
<b>Property implications</b>
<del>YES</del> /NO
<b>Area(s) affected</b>
Corporate
<b>Relevant Scrutiny Board if decision called in</b>
<b>Is the item a matter which is reserved for approval by the City Council?</b>
<del>YES</del> /NO
<b>Press release</b>
<del>YES</del> /NO

# **Sheffield City Council**

## **Report to the Council's Audit and Standards Committee**

### **Fraud and Investigations**

**10<sup>th</sup> June 2021**

#### **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.
2. This report shows the outcomes from the work undertaken in 2020/21 and highlights the work to be undertaken in 2021/22. All the Council's policies relating to fraud and corruption are available to all staff on the Intranet and have been embedded in the operation of the Council.
3. The Council has a full suite of policies which were fully revised in 2018 and ensure that the Council has in place adequate governance arrangements for the prevention, detection and prosecution of fraud against the Council. This potential fraud may be covered by employees and the wider general public. These policies have been reviewed again (May 2021) and no significant changes are recommended.
4. The Chartered Institute of Public Finance (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 is referenced in this report.
5. At the end of this report we have provided a checklist (Appendix A) similar to previous years to provide the Audit and Standards Committee with assurance on the robustness of the Council's Counter Fraud arrangements. This has been revised to take account of the work that has been undertaken during the year.
6. A report was provided to the Audit and Standards Committee in January 2021 which highlighted the work which has been undertaken by Internal Audit and across the Council to ensure that the governance arrangements were working effectively during the Covid crisis, helping to minimise fraud.

## Background

7. According to the National Fraud Authority (NFA), public sector fraud costs the British taxpayer around £20.3 billion per year, equating to roughly three pence of every pound spent by the government. Research by Policy Exchange finds that fraud and error during the COVID-19 crisis will cost the UK Government in the region of £4.6 billion. The government has awarded the Council a significant number of grants across the year to support the citizens and economy of Sheffield. The imperative was to distribute the grants at speed, with the necessity of speed taking precedence in their introduction, meaning the usual checks and balances were streamlined.
8. With such large sums of money being distributed it was perhaps not surprising, that organised criminals and opportunists would be drawn to these schemes. Sheffield has taken a balanced approach to ensure that money was paid out promptly whilst ensuring that checks were carried out prior to the awarding of monies and also in ensuring the post payment checks and where necessary recovery action has taken place.
9. 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 Department for Work & Pensions (DWP), Her Majesty's Revenue & Customs (HMRC) and the Student Loans Company. Any data matches are then supplied back to the Council to be investigated. Internal Audit coordinates and facilitates the process on behalf of the Council. The Council last submitted the data to be matched in October 2020. Also, as a result of the large number of Covid grants paid out the Cabinet Office required additional data sets relating to these grants to be submitted at the beginning of 2021. The data was supplied by various services and contractors directly to a secure portal operated on behalf of the Cabinet Office. All data submissions were monitored by Internal Audit.
10. The first data matches were received in February 2021, with additional matches still being received as other organisations submitted their data to the exercise. The data matches relating to the Covid data has only recently been received and is being reviewed.
11. As reported previously the Council no longer investigates Housing Benefit fraud. These are undertaken by the Single Fraud Investigation Service (SFIS) which is part of the Department for Work and Pensions (DWP). This is mentioned, as some of the work referenced particularly in regard to NFI includes figures relating to Housing Benefit fraud. Although these are identified within the Council, they are passed to the DWP for investigation and ultimate sanction, although recovery of any overpayment remains the responsibility of the Council.



## **National Picture**

12. It is recognised that each pound lost to fraud represents a loss to the public purse and reduces the ability of the public sector to provide services to the people who need them. It is likely that the level a fraud will have risen during 2020 as a result of the large volume of grants and other monies paid out by the government.
13. The level of fraud reported in Local Government in 2019 was approximately £253 million. This is down from £302m in the previous year whilst the average value per case has remained the same at £3,600. Figures for 2020 have not yet been made available.
14. The CIPFA report highlights that 71,000 frauds have been detected and prevented across local authorities in 2018/19, this has decreased from 2017/18.
15. Fraud by its very nature is often difficult to detect. The better the controls that the Council has, the more that those wishing to undertake acts of fraud will look to target weaker and more vulnerable areas, which is why there is an often a shift in the fraudsters focus. Sheffield is not complacent and as part of the Internal Audit annual plan we look to ensure that where fraud is highlighted as a risk that adequate controls are in place.
16. Sheffield City Council has robust processes to try to prevent and detect fraud. These are available to all staff and have become embedded into Council processes. This should reduce the amount of fraud and aid in its early detection. The work of Internal Audit should also reduce the prevalence of frauds, by ensuring services and processes have robust controls in place.
17. The Housing Benefit and Council Tax service was successfully transferred from Capita to the Council in January 2020. Capita had previously undertaken data matching exercises for Council Tax Single Person Discount. This significantly reduces the risk of this type of fraud occurring, and had identified and subsequently corrected numerous incorrect discounts. Internal Audit understands that service management are reviewing processes within the service with the aim of implementing a new process in this area. Single person discount is part of the NFI process.

## **Reactive Work Undertaken in 2020/21**

18. The level of reported fraud within the council during the year has reduced, this was expected as the level of activity within certain areas of the Council was also reduced. Activity was mainly focused a maintaining priority services and supporting the citizens of Sheffield and businesses during the pandemic. From a fraud point of view controls were focused to minimise any potential loss. It is noted that in many instances additional post payment checks were introduced to identify any losses. These checks have not identified any systematic or significant issues. Where issues have been identified these have been dealt with in the appropriate manner. As reported to the

Audit and Standards Committee in January 2021 the level of money still to be recovered remains small.

19. Internal Audit conducted 8 re-active investigations and assisted managers with a further 13 re-active investigations which arose in in 2020/21. Internal Audit also concluded investigation work on 2 re-active investigations and assisted managers with a further 10 investigations which had originated in 2019/20.
20. As the Council has such a large workforce covering a number of services there will always be a range of issues. These cases were from all portfolios and included theft of cash or assets, falsification of timesheets, financial abuse of service user, excessive use of internet during work time and behaviour breaching standards within the Code of Conduct. The types of frauds identified within the Council mirror those found nationally. South Yorkshire Police were notified and involved where appropriate. Following investigation, appropriate sanctions were applied where the issues were found to be proven. This resulted in a number of dismissals / resignations. In some cases it was also found that there was no or insufficient evidence of fraud for action to be taken.
21. During the course of investigations, any control and process issues / weaknesses identified were reported to management for action. In addition, where warranted, further work was undertaken in the form of additional audit work (business partnering reviews) to ensure that where practicable, suitable measures are in place to minimise the chances of reoccurrence.
22. Internal Audit continues to work closely with Human Resources. Human Resources often identify issues such as timesheet fraud as part of wider staffing issues and they have arranged a standard notification process for Internal Audit. There are also regular liaison meetings with Internal Audit, Human Resources and the Monitoring Officer where investigations and governance issues are discussed. This ensures consistency of approach on these matters. Internal Audit has only a limited amount of qualified investigator resources and these are therefore targeted at the most appropriate cases.
23. Internal Audit also liaised with a number of outside organisations including various banks, HMRC, DWP and the Insolvency Service in relation to fraud allegations relating to COVID grant frauds or scams. As a direct result of the work undertaken £35,000 was recovered.
24. It should be noted that since April 2021 we have now become aware of a number of new issues which we are currently investigating. This has highlighted that management are still aware of the process and that as the council returns to business as usual that they are now able to focus in these areas. Internal audit will continue to work with management for a resolution.

25. Even during the Covid pandemic internal audit have liaised regularly with investigators in other Councils across Yorkshire. We continue to meet via Teams in order to share information and best practise.

### **Reactive work related to the Covid pandemic**

26. As reported previously to the audit and standards committee in January 2021, the audit plan for 2020/21 has been under constant review. As the risks faced by the Council changed and so have the risks that we have examined. Following discussions with management some audits have been added to the plan to replace reviews which due to changes in activity could not take place this year. These new reviews have mainly focused upon areas which were affected by Covid. These changes should not affect the overall output number and coverage of the plan, but will allow for greater assurance where the potential risks are occurring and to ensure that adequate and effective probity is in place.

The Covid areas added to the plan included:

27. **Absence Recording and Monitoring for Covid 19**, to review the application and adherence to guidance regarding recording absences related to Covid 19. This will help ensure that absence is correctly recorded and managed.
28. **Decision making and the application of Category 1-4 decisions**, to review the agreement, roll-out and application of the emergency decision-making scheme. This will ensure that decisions were appropriately made and recorded.
29. **Corporate costs of the Covid 19 activity**, to review the corporate cost of the Covid 19 pandemic across the Council, including arrangements for monitoring additional spend and a review of returns completed and submitted to relevant parties.
30. **Use of credit cards and payment cards during the Covid 19 pandemic**, a review to assess arrangements for the use and monitoring of spend on credit cards across the portfolios (People and Place). To include a review and assessment of the process to accept the increased use of payment cards and handheld devices.
31. **Rough Sleepers - emergency hotel spending and monitoring**, a government directive was received for Local Authorities to find accommodation for all rough sleepers during the pandemic. This review will consider arrangements for sourcing, assigning and paying for emergency accommodation.
32. **Infection Control Fund - Support Package for Care Homes**, a review to assess the allocation process and governance arrangements for this grant.
33. **Payment of Providers - Arrangements for support during Covid**, to provide assurance to management that there are adequate controls in place to prepay providers, including effective and prompt reconciliations.

34. **Free Early Learning (FEL) - top up payments to providers**, to provide assurance to management that there are adequate controls in place to make 'top' up payments to providers, including effective and prompt reconciliations.
35. **Personal Protective Equipment (PPE) procurement and recharging**, to provide assurance that arrangements for the procurement of PPE for South Yorkshire are robust, and that appropriate charging mechanisms are in place to equitably apportion costs.
36. **Staff Expenses in relation to Covid 19 costs**, to provide assurance to management that there are adequate and consistent controls to prevent fraudulent staff claims.

Several other reviews have also been undertaken this year to support management, for example:

- Supporting the Incident Management Group (IMG)
- Non-SCC Volunteer Expenses Process, to support management in the development of non-SCC volunteer expenses process. Also, undertaking appropriate testing to ensure adherence to the defined process.
- Discretionary Grants Process, to support management in the development of the grant process, including the Post Assurance checking process and reporting requirements to BEIS.

Although some of this work is still ongoing, much of the work has now been completed and reported to management. From this work we are not aware of any organised criminal activity. Any issues will be brought to the attention of the Audit and Standards Committee through the normal monitoring and reporting arrangements.

#### **Fraud work across the Council in 2020/21**

37. Other services across the Council also identify and address fraud and theft. Some of the work undertaken and the outcomes are summarised below.

#### **Blue Badges**

38. Parking Services continues to remove Blue Badges where they are being abused. A recent change to the Blue Badge penalty system means that cautions can now be offered to the offender, as an alternative to prosecution. The option to offer a caution has enabled a more cost-effective penalty which stays on record and can be used as evidence should the offender misuse a Blue Badge in the future and a prosecution pursued.
39. In 2020/21 no persecutions took place. It should be noted that traffic restrictions were lifted for part of the year and also that traffic volumes were reduced. The service continues to enforce restrictions in a suitable manner and they will be looking to impose the appropriate sanctions where these are required going forward.
40. Nationally the estimated average value per Blue Badge fraud case is significant. It should however be noted that the cost is per case and is likely to be lower in

Sheffield, as we do not currently have a congestion charge or the scale of parking fees seen in London, where Blue Badge fraud would cost the authority considerably more.

### **Housing Tenancy and Right to Buy Fraud**

41. It is difficult to fully determine the number of fraudulent tenancy cases as often the tenants hand back their tenancy when they are aware of an investigation taking place. This means that lengthy and costly legal action is avoided and the houses are once more available to be used by the citizens of Sheffield who need them. The Council will always take the appropriate legal action if fraud can be proven, even if the tenancy has been given up.
42. In 2020/21, 155 new cases were opened which is a significant rise from the 65 new cases in the previous year. These cases were investigated by the separate fraud team in Housing Services including Right to Buy cases. The cases investigated included 10 cases of obtaining property by deception, four cases of right to buy fraud, including one by deception. There were 134 cases of unlawful subletting.
43. Although many of these cases are ongoing 55 cases were closed in the years. This resulted in 16 properties being recovered due to three properties being abandoned and 11 others where the tenancy was handed back. This allowed these properties to be re let. There were 38 cases where no action was required and a further three where there was no evidence.
44. In relation to right to buys, three cases were stopped prior to valuation with the properties valued at £270,000 and a discount of almost £64,000 was also prevented.
45. Housing Fraud casework has been hampered during the lockdown restrictions as we have not been able to carry out visits (as in normal procedures).
46. Legal action has also been delayed due to the service not being able to carry out interviews under caution. Four cases are now in the process for prosecution. During the year three cases were successfully prosecuted (one for unlawful subletting and unlawful eviction, one for unlawful subletting and for not residing as main and principal). The total awarded costs amounted to £4549.66, but more importantly three properties were made available.
47. An information sharing agreement is now in place between the Housing Fraud team and the Home Office Immigration Enforcement Team. The local Police have also requested Housing Fraud officers join a new community tasking team. In 2021/22 there are plans to work with Sheffield Universities to prevent overseas students becoming victims of unlawful subletting.
48. In 2021/22 additional work is planned for the Housing Fraud Team, including:

- Working with Rehousing teams re fraud prevention and reviewing current procedures.
- Training Trading Standards officers on use of National Anti-Fraud Network (NAFN).
- Briefings with local area policing teams on housing fraud.
- Housing Fraud briefings/refresher for SCC colleagues.

### **Bank Mandate Fraud**

49. Bank mandate fraud continues to be a significant issue. Although we have robust controls in place to detect and prevent this, the Council is still targeted by organised criminal gangs who undertake phishing exercises. Methods are becoming more sophisticated, but our knowledge of this threat continues to develop. Alerts from neighbouring Local Authorities as well as the National Anti-Fraud Network (NAFN) and the police are regularly circulated to the relevant service areas.

### **Whistleblowing**

50. The number of whistleblowing issues reported remains low. The new policy introduced in 2018 has been publicised. As whistleblowing is often seen as a last resort, it may be that the other Council processes are sufficient to allow for issues to be raised without the need to use the whistleblowing policy. Work will be undertaken to promote this policy over the next few months as the fraud E learning implementation is rolled out.

### **The Counter-Fraud Plan for 2021/22**

51. The council's internal audit department will continue to have an active role in the prevention, detection and prosecution of fraud across the council. It will continue to support services through business partnering activity to ensure that we have a robust governance framework in place.

52. The internal audit plan for 2021/22 includes four pieces of proactive work which will be mainly to follow up all matches received as part of the national fraud initiative which is described later.

53. The plan covers the following areas:

- Time for investigations (this is an allocation of time from which individual investigations are allocated).
- Time to undertake work on the National Fraud Initiative, in the follow up of matches
- Time to undertake an annual review of the Housing Benefits processes.

54. Approximately 18% of available resources (or 241 days) are allocated to counter-fraud matters. Internal Audit continues to allocate the same proportion of their total available resource to counter-fraud related work as last year.

### **Fraud E-learning**

55. The Fraud E-Learning package has been produced by Internal Audit and is now available to all staff and Councillors on the Councils learning development hub. This will be promoted over the coming months and take up rates will be monitored to ensure that there is adequate coverage across the Council.

56. The Fraud E-Learning package has been developed to give support to officers and members in understanding fraud risks and putting in place measures to prevent/reduce the prevalence of fraud. The package has been tailored to the needs and processes of the Council.

57. The package covers the following areas:

- Introduction to fraud
- Fraud Definition
- Fraud types
- How to prevent Fraud
- Reporting Fraud
- How to respond to fraud
- National Fraud Initiative (NFI)
- Bribery
- Money Laundering
- Frequently Asked Questions
- Further Information

58. This package will support the policies agreed by this Committee in 2019 and their implementation was supported by the Executive Management Team. All of these documents are readily available on the intranet and have been widely distributed.

### **National Fraud Initiative (NFI)**

59. The Council has a statutory duty to supply a number of data sets covering such areas as payroll, pensions, creditors, housing tenants, blue badge holders, resident parking permits and right to buy. These were supplied to the Cabinet Office in October 2020.

60. Internal Audit ensured that SCC complied with the data privacy requirements and liaised with various SCC services and schools to ensure accurate data was submitted in advance of the deadline. For the first time the Cabinet Office advised that they would charge financial penalties to any Local Authority who either submitted poor quality data or submitted data after the given deadline. SCC met the data quality threshold and submitted the data in advance of the deadline, so were not penalised.
61. The national exercise is undertaken to collate this information electronically and where appropriate to provide data matches. These matches were provided in January 2021 (with additional matches expected throughout the year). These matches may identify fraud or input error, but in most cases the matches are a result of timing differences in the data matching process.
62. The National Fraud Initiative (NFI) for 2020/21 initially returned nearly 10,000 data matches for the Council.
63. Internal Audit have provided support and training to service areas where needed, as the secure portal was updated following a previous consultation.
64. In addition to the standard NFI, the Cabinet Office mandated the submission of Covid grant data, which SCC supplied in December 2020. The matches were due to be released in March but due to delays encountered the NFI team did not release the matches until mid-May. A total of 146 matches were received following in excess of 9,000 grants being issued.
65. Work on both the standard and Covid grant NFI exercises will continue throughout 2021/22. Internal Audit will continue to monitor and review outcomes, in order to sign off the required declaration that the exercise has been undertaken appropriately.

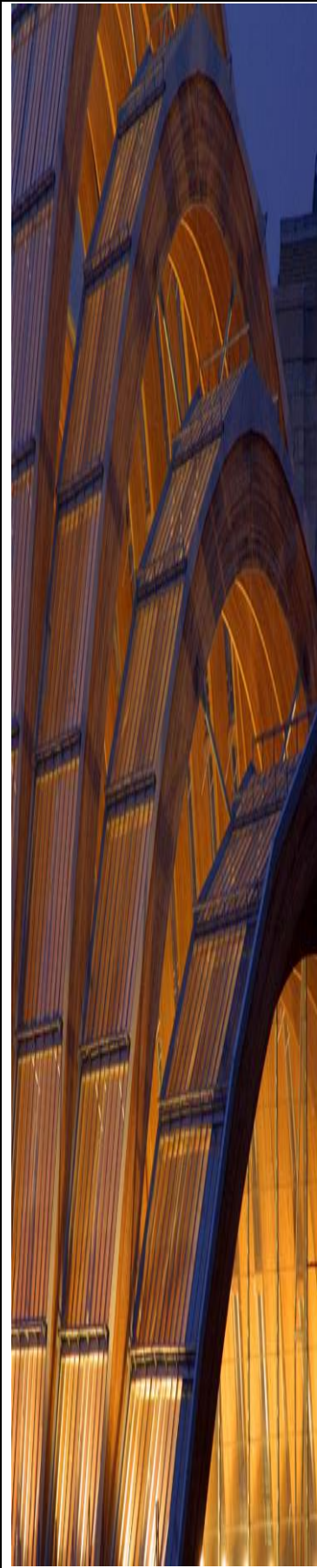
#### **Checklist for 'Those Responsible for Governance'.**

66. A checklist similar to previous years is included at Appendix A.
67. 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 and Corruption that underlines a zero tolerance to such acts. Fraud awareness training has been provided to services throughout the Council.

#### **Recommendations**

68. That the Audit and Standards Committee Members note the content of this report.
69. That the Audit and Standards Committee Members note that the Council's policies in relation to fraud and corruption have been reviewed and fulfil the required governance arrangements for the Council.
70. That the Audit and Standards Committee Members note the completed checklist for those responsible for governance (Appendix A)





# **Governance Checklist for Fraud 2020/21**

**Sheffield City Council  
June 2021**

**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 prevention, 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><b><u>Actions</u></b></p> <p>The Council’s Anti-fraud and Corruption Policy Statement and Framework, contains a statement that clearly states that the Council has a zero tolerance to fraud, and that it expects its employees to uphold the highest ethical standards and to strictly adhere to its anti-fraud framework and associated policies.</p> <p>As part of the Officers Code of Conduct, the Policy Statement - Fraud &amp; 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.</p> <p>Internal Audit is currently working with the learning, development and training section of Human Resources service to develop a new eLearning package will support the implementation of the counter-fraud policies across the Council.</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><b><u>Actions</u></b></p> <p>The following fraud related strategies, policies and plans are in place:            Financial Regulations 2019            Code of Conduct for officers            Policy Statement – Fraud &amp; Corruption (appendix to the above)            Internal Audit Plan (incorporating pro-active and re-active counter fraud assignments)            Finance Service Plan (including specific counter-fraud related deliverables)            Annual Governance Statement (fraud risks)            Fraud awareness e-learning module</p> <p>The Council has a full suite of policies for Anti-Fraud and Corruption; these were updated and endorsed by the Audit and Standards committee in 2018. The policies have been reviewed and are still fit for purpose. The policies are designed to fit together in a consistent manner to ensure that they comply with the latest relevant legislation and guidance.</p>		

Anti-fraud and Corruption Policy Statement and Strategy – Overarching document which draws together all of the Councils other policies in relation to the fraud and corruption. It follows the CIPFA code in that it acknowledges the responsibilities of Officers and Members for countering fraud and corruption. It demonstrates how the Council will try to prevent fraud by identifying the fraud and corruption risk and then identifying strategies to mitigate these. It also sets out how the Council will pursue and take action against those who try to perpetrate fraud and corruption.

Fraud Risk - This document is designed to help managers in identifying fraud risks in their areas and to put forward strategies to manage and mitigate these risks.

Fraud Response Plan – This document has been written to aid managers in dealing with potential fraud issues and to investigate these in line with the relevant Council Human Resources policies.

Anti-Money Laundering Policy - This document was fully revised to comply with the current legislation in this area. It sets out what individuals need to do if they become aware of any potential money laundering activity.

Bribery and Corruption Policy – This document was devised to fill a gap in the Council's framework. By having this policy and adhering to it, it ensures that the Council has a defence should it or any of its employees be accused of bribery and corruption.

Know your Customer – This document is to aid checking of customers across the Council to comply with bribery and money laundering requirements.

Guidance to Schools – This is available to schools so that they can more easily identify and mitigate the risks that they face in relation to fraud and corruption.

Investigations Guidance – This provides information to support managers who are required to formally investigate allegations made against employees.

	Yes	No
3. Do we have dedicated counter-fraud staff?	✓	

**Actions**

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.

Internal Audit has a limited resource for fraud investigation as outlined in the Annual Plan. At present there are two qualified fraud investigators in the service.

There are dedicated officers in Trading Standards and in Housing to investigate housing tenancy fraud.

Resource is also provided from service areas across the Council to undertake work on

the NFI matches and with any resulting investigations.

	Yes	No
4. Do counter-fraud staff review all the work of our organisation?	✓	

**Actions**

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.

Service management has the primary responsibility for internal fraud investigation (with the support of Human Resources).

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.

The Council has suitably qualified risk advisors within Internal Audit who can support services in identifying and mitigating all types of risk across the Council.

	Yes	No
5. Does a councillor have portfolio responsibility for fighting fraud across the council?	✓	

**Actions**

The Deputy Leader and Cabinet member for Finance and Resources has responsibilities that 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.

The Audit and Standards Committee receive reports on Fraud arrangements across the Council and are responsible for reviewing the effectiveness of the arrangements in place.

	Yes	No
6. Do we receive regular reports on how well we are tackling fraud risks, carrying out plans and delivering outcomes?	✓	

**Actions**

The Annual Governance Statement provides a level of assurance that fraud risks have been identified and addressed.

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.

	Yes	No
7. Have we assessed our management of counter-fraud work against good practice?	✓	
<p><b><u>Actions</u></b></p> <p>A code of practice was produced by CIPFA in 2016 and this checklist reviews the Council's policies against the requirements of the Code.</p> <p>Internal Audit are members of the National Anti-Fraud Network (NAFN) and South and West Yorkshire Investigators Group (SWYFG) forums where best practice is shared and this is incorporated into our methods of working.</p> <p>The Council has a suite of fraud and corruption policies to ensure that we have a consistent and comprehensive anti-fraud framework for the Council.</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><b><u>Actions</u></b></p> <p>Fraud is specifically covered in the Officer's 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. An online training programme for fraud is available on the learning development hub.</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.</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?	✓	
<p><b><u>Actions</u></b></p> <p>Sheffield City Council maintains membership with Core Cities and the South &amp; West Yorkshire Fraud Investigators Group.</p> <p>There are effective working arrangements in place between the Council and Department for Work and Pensions (DWP) to cover the requirements of the Single Fraud Investigation Service (SFIS).</p> <p>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.</p> <p>CIPFA is the lead accountancy body for fraud governance arrangements in Local Government. Internal Audit ensures that the Council complies with CIPFA guidance.</p> <p>The Internal Audit Service of the Council is required to comply with the Public Service Internal Audit Standards. As part of the requirements of the standards, a peer review was undertaken in 2017 and the service was found to generally conform.</p>		
	Yes	No
10. Do we work well with other organisations to ensure we effectively share knowledge and data about fraud and fraudsters?	✓	
<p><b><u>Actions</u></b></p> <p>As 9 and 10 above plus:</p> <p>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.</p> <p>We also use the online reporting system to Action Fraud.</p>		
	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?	✓	

**Actions**

The majority of the annual Internal Audit Plan contains risk-based audits. A risk assessment is undertaken and discussion held Service Directors to establish key risks. Each of the audits 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.

Where appropriate recommendations are made to improve internal controls at the conclusion of each review, implementation is confirmed with the client and followed up.

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.

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.

	Yes	No
12. Do we maximise the benefit of our participation in the Cabinet Office National Fraud Initiative and receive reports on our outcomes?	✓	

**Actions**

The Council has been a participant in the NFI since 1995. Data matches are circulated to all relevant service areas for review and investigation where needed. 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.

Internal Audit examines areas from the NFI where significant numbers of new matches have been identified to ensure that the procedures in place are adequate to minimise the risk of fraud.

	Yes	No
13. Do we have arrangements in place that encourage our staff to raise their concerns about money laundering?	✓	

**Actions**

The Council has adopted a detailed Anti Money Laundering Policy. This document has been revised and 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.

	Yes	No
14. Do we have effective arrangements for:		
■ reporting fraud; and	✓	
■ recording fraud	✓	
<p><b><u>Actions</u></b></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>Perceived Money Laundering attempts against the Council have also been reported promptly to Action Fraud.</p> <p>Although the above controls are in place, full compliance cannot be assured. Work is ongoing to raise awareness of fraud reporting. This work is continual as staff are always moving and new issues are always arising.</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><b><u>Actions</u></b></p> <p>The Council 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. Whistleblowing allegations are all reviewed and where appropriate fully investigated by someone independent of the area.</p> <p>Regular meetings take place with between Internal Audit, the Head of Human Resources, and the Monitoring Officer to review whistleblowing and investigation cases.</p>		



	Yes	No
16. Do we have effective fidelity insurance arrangements?	✓	
<p><b><u>Actions</u></b></p> <p>The Council 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, Treasury Management and Financial Systems Support Group (FSSG). This has recently been completed for the forthcoming year and accepted by the insurance company.</p>		
<b>Fighting Fraud with reduced Resources</b>	Yes	No
17. Are we confident that we have sufficient counter-fraud capacity and capability to detect and prevent fraud?	✓	
<p><b><u>Actions</u></b></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 regularly reviewed as there is very little capacity in the system should a major incident (or a number of smaller incidents) occur.</p>		
<b>Current risks and issues</b>	Yes	No
<b>Housing tenancy</b>		
18. Do we take proper action to ensure that we only allocate social housing to those who are eligible?	✓	
<p><b><u>Actions</u></b></p> <p>The lettings policy ensures that there is a vetting and validation process in place to confirm identity and eligibility of each individual prior to the letting of any property. The Housing service has a fraud team in place to investigate any instances of potential tenancy fraud, such as sub-letting and to follow these up and recover properties and prosecute where appropriate.</p>		
	Yes	No
19. Do we take proper action to ensure that social housing is occupied by those to whom it is allocated?	✓	
<p><b><u>Actions</u></b></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 National Fraud Initiative (NFI) exercise also identifies potential issues with tenancies, which are</p>		

further investigated by the Housing Fraud team.

Procurement	Yes	No
20. Are we satisfied our procurement controls are working as intended?	✓	

**Actions**

Internal Audit work in this area has previously not identified any significant weaknesses.

	Yes	No
21. Have we reviewed our contract letting procedures to ensure they are in line with best practice?	✓	

**Actions**

Aspects of contract letting feature in the Internal Audit annual plan. All audits covering the letting or management of contracts now include testing in this area.

Recruitment	Yes	No
22. Are we satisfied our recruitment procedures:		

<ul style="list-style-type: none"> <li>■ prevent us employing people working under false identities;</li> </ul>	✓	
-----------------------------------------------------------------------------------------------------------------	---	--

<ul style="list-style-type: none"> <li>■ confirm employment references effectively;</li> </ul>	✓	
------------------------------------------------------------------------------------------------	---	--

<ul style="list-style-type: none"> <li>■ ensure applicants are eligible to work in the UK; and</li> </ul>	✓	
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<ul style="list-style-type: none"> <li>■ require agencies supplying us with staff to undertake the checks that we require?</li> </ul>	✓	
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**Actions**

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.

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.

<b>Council tax discount</b>	<b>Yes</b>	<b>No</b>
23. Do we take proper action to ensure that we only award discounts and allowances to those who are eligible?	✓	
<p><b><u>Actions</u></b></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>Council Tax team 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> <p>The National Fraud Initiative matches payroll and pension records against Council Tax Support records every two years and reports any potentially fraudulent claims for this discount.</p>		
<b>Other fraud risks</b>	<b>Yes</b>	<b>No</b>
24. Do we have appropriate and proportionate defences against emerging fraud risks:		
■ Business rates	✓	
■ Right to Buy	✓	
■ Council Tax Scheme;	✓	
■ Schools	✓	
■ Grants	✓	
■ PIP – Personal Independent Payment	✓	
■ Blue Badge fraud	✓	
■ Bank mandate fraud	✓	
<p><b><u>Actions</u></b></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.</p> <p>Notifications of emerging fraud risks are regularly received from the National Anti-Fraud Network (NAFN) and the police. These are reviewed and distributed by Internal Audit.</p>		

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## Audit and Standards Committee Report

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**Report of:** Linda Hunter, Senior Finance Manager (Internal Audit)

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**Date:** 10<sup>th</sup> June 2021

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**Subject:** External Assessment – Peer Review Terms of Reference

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**Author of Report:** Linda Hunter

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### Summary:

The Public Sector Internal Audit Standard (PSIAS) introduced a requirement for an external assessment to be conducted of the Internal Audit Service. This requirement specifies the assessment should be undertaken at least once every five years by a qualified, independent reviewer from outside of the organisation as part of an ongoing quality assurance and improvement programme.

The Terms of Reference outlines the approach and programme of work for the external assessment peer review.

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### Recommendations:

In order to comply with best professional practice (including PSIAS) it is recommended that Members endorse the attached Terms of Reference programme of work.

That Members agree and endorse that the external assessment has an appropriate sponsor, the Deputy Section 151 Officer.

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### Background Papers:

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**Category of Report:** Open

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\* Delete as appropriate

## Statutory and Council Policy Checklist

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

**Core Cities Chief Internal Auditor Group**  
**External Assessment – Peer Review**  
**Terms of Reference**

**Background Information**

External Assessments:

The Public Sector Internal Audit Standard (PSIAS) introduced a requirement for an external assessment to be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation as part of an ongoing quality assurance and improvement programme.

There are two possible approaches to external assessments outlined in the standard: a full external assessment; or an internal self-assessment which is validated by an external reviewer.

External reviewers should:

- possess a recognised professional qualification;
- have appropriate experience of internal audit within the public sector / local government;
- have detailed knowledge of leading practices in internal audit; and
- have current, in-depth knowledge of the Definition, the Code of Ethics and the International Standards.

The Senior Finance Manager, Internal Audit has discussed the proposed form of the external assessment with their line manager (Deputy Section 151 Officer) prior to making the recommendation below to the Audit and Standards Committee regarding the nature of the assessment.

It should be noted that the scope of the external assessment should have an appropriate sponsor. It is recommended that the Audit and Standards Committee members endorse the decision that this role is performed by the Deputy Section 151 Officer.

The Senior Finance Manager, Internal Audit will report the results of their quality assurance improvement programme (ongoing activity, internal and external assessments) to Audit and Standards Committee, the Executive Director of Resources and the Deputy Section 151 Officer. Who will monitor the implementation of actions arising from internal and external assessments.

**Purpose of the Review**

The purpose of the external assessment is to help improve delivery of the audit service and establish whether governance requirements relating to the provision of service are embedded. The assessment should be a supportive process that identifies opportunities for development and enhances the value of the audit service to the authority.

## Proposed Approach

Similar to the last assessment, members of the Core Cities group have elected to adopt the internal self-assessment approach validated by an external peer reviewer. The key benefit to this approach is cost. The Chartered Institute of Public Finance (CIPFA) offer a service to provide external assessments and can undertake a full quality assessment at an approximate cost of £30K. The Chartered Institute of Internal Auditors (CIIA) also offer a similar service at an approximate cost of £14k. They also provide a validated assessment, similar to the approach agreed by the Core Cities group, which takes around 5 working days and costs approximately £12.5k

(costs based on quotes obtained for PSIAS reviews at Birmingham City Council).

There are clear financial savings to members of the Core Cities group by adopting a peer review approach. In addition, the approach is in keeping with the promotion of collaborative working arrangements.

Each authority has to determine an appropriate member of their team to conduct the external assessment, taking into account qualifications and relevant experience.

Upon conclusion of the external assessment, the reviewer will offer a 'true and fair' judgement and it is proposed that each authority will be appraised as **Conforms**, **Partially Conforms** or **Does Not Conform** to the PSIAS.

## Independence and Objectivity

Prior to the assessments taking place all parties have agreed the programme of peer reviews and an appropriate timetable, including the number of days required to undertake the reviews. It is important to ensure the independence of the auditor undertaking the peer assessment. Any known or perceived conflicts of interest should be disclosed. It should be acknowledged at the outset that all Core City Internal Audit services have some knowledge of each other.

## The Assessment Process and Indicative Timescales

Completion of the Checklist:

The Senior Finance Manager, Internal Audit has completed the Checklist for Conformance with the PSIAS which is attached to the Local Government Application Note.

### Pre Assessment Phase (2 days):

- Confirm the terms of reference for the review, timescales and dates for the review – this should include any specific issues that the authority may want to be considered as part of their quality assessment.
- Obtain:



- relevant background information to gain an understanding of the service. This should include the Internal Audit Charter / Strategy or Terms of Reference (independence, scope authority, purpose and the relationship with the Audit and Standards Committee and senior executives);
  - details of responsibilities, resources, structure and activities;
  - details of any external client organisations e.g. Joint Authorities and consider whether such organisations may have different outcomes in terms of compliance with the PSIAS and whether separate assessments may be required;
  - the completed self-assessment and supporting evidence; and
  - evidence of how quality is maintained, and performance measured and reported.
- Issue a questionnaire to key stakeholders at the Council to obtain feedback on the internal audit procedures and process.
  - Evaluate all documentation supporting the self-assessment prior to the assessment phase.

**Assessment Phase (remotely) (1day):**

- Raise and resolve any queries arising from the review of the self-assessment.
- Examine a sample of audit engagements to verify compliance to the PSIAS and procedures.
- Interview key staff (via Teams) and stakeholders to confirm audit procedures and process.
- Undertake an exit meeting with the Senior Finance Manager, Internal Audit.

**Post Assessment Phase (1 day):**

The review should conclude with a detailed report providing an evaluation of the team's conformance with the Definition of Internal Auditing, the Code of Ethics, and the Standards. The report should highlight areas of partial conformance / non-conformance and include suggested actions for improvement, as appropriate.

**Reporting Phase (1 day):**

- Discussion of the draft report with the Senior Finance Manager, Internal Audit.
- Issue of draft final report and agreed actions to the Senior Finance Manager, Internal Audit to confirm accuracy.
- Issue final report to the Senior Finance Manager, Internal Audit and Sponsor.
- Senior Finance Manager, Internal Audit / Sponsor to report outcomes to the Audit and Standards Committee, together with an action plan and proposed implementation date(s).

It is envisaged that the assessment process should take approximately 5 days in total.

**Agreed schedule**

Manchester review Birmingham

Bristol review Liverpool

Birmingham review Sheffield

Glasgow review Leeds

Leeds review Manchester

Sheffield review Nottingham

Nottingham review Bristol

Liverpool review Glasgow



## Audit and Standards Committee Report

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**Report of:** Eugene Walker  
Executive Director of Resources,  
Local Authority Section 151 Officer

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**Date:** 10<sup>th</sup> June 2021

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**Subject:** 2019/20 Statement of Accounts  
- conclusion of the external audit

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**Author of Report:** David Phillips  
Head of Strategic Finance

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**Summary:** The purpose of the report is to communicate to the Committee that we have now received our external auditor's opinion and the certificate concluding our 2019/20 external audit.

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**Recommendations:** The Audit and Standards Committee notes this report

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**Background Papers:** Attached certificate from external audit

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**Category of Report:** OPEN

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## Statutory and Council Policy Checklist

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

## **AUDIT AND STANDARDS COMMITTEE – 10 JUNE 2021**

### **2019/20 STATEMENT OF ACCOUNTS**

#### **EXTERNAL AUDITOR'S 2019/20 CERTIFICATE**

##### **Purpose of this Report**

1. The purpose of the following report is to communicate to the Committee that the Council's external auditors have now concluded the Council's 2019/20 audit.

##### **Introduction and Background**

2. As reported to previous Audit and Standards Committees, the audit of the Council's 2019/20 Statement of Accounts has been ongoing since summer 2020. Audit deadlines were extended and have been delayed due to Covid-19 and remote working. During the external audit process the Audit and Standards Committee have been kept up to date, and the Council's external auditor Ernst and Young's (EY) findings have been received and shared with the Committee throughout the audit.
3. The Committee received the final 2019/20 Audited Statement of Accounts, and EY's final Audit Results Report summarising their findings at its 22<sup>nd</sup> April 2021 meeting. The Committee approved the Statement of Accounts and accompanying Letter of Representation at that meeting.

##### **External Audit opinion and certificate**

4. Following the April Committee meeting EY issued their opinion on the Council's 2019/20 Statement of Accounts on 30<sup>th</sup> April 2021. The auditor concluded that:
  - The Council's financial statements gave a true and fair view of the financial position of the Council as at 31 March 2020 and of its expenditure and income for the year then ended (an 'unqualified audit opinion');
  - The 2019/20 Statement of Accounts had been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20; and
  - in all significant respects, the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020 (the 'value for money conclusion').
5. Since April 2021 EY have been completing the remaining area of audit work needed for 2019/20, namely the review of the assurance statement on the Council's Whole of Government Accounts consolidation pack submitted to Central Government. This work has now concluded.

6. Consequently on 28<sup>th</sup> May 2021 the Council's external auditor issued their certificate. This certificate concludes the Council's audit for the year by certifying that the auditor has completed their audit of the accounts of Sheffield City Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

7. This certificate is attached to these papers for the Committee's information.

### **Publication of the 2019/20 Statement of Accounts**

8. The 2019/20 Statement of Accounts has been published on the Council's website, and a statement added that the audit has been concluded and the accounts have been published.

### **Financial Implications**

9. There are no financial implications arising from the recommendations set out in this report.

### **Equal Opportunities Implications**

10. There are no equal opportunities implications arising from the recommendations set out in this report.

### **Property Implications**

11. There are no property implications arising from the recommendations set out in this report.

### **Recommendations**

12. It is recommended:

- that the Audit and Standards Committee notes the successful conclusion of the 2019/20 audit.

**David Phillips**  
**Head of Strategic Finance**

**28 May 2021**

## AUDITORS CERTIFICATE WHERE THE OPINION PREVIOUSLY ISSUED IN ADVANCE OF CLOSURE OF THE AUDIT

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHEFFIELD CITY COUNCIL

#### Issue of audit opinion on the financial statements

In our audit report for the year ended 31 March 2020 issued on 30 April 2021 we reported that, in our opinion, the financial statements:

- gave a true and fair view of the financial position of Sheffield City Council as at 31 March 2020 and of its expenditure and income for the year then ended; and
- had been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

#### Issue of value for money conclusion on Sheffield City Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

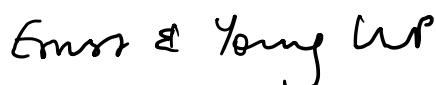
In our audit report for the year ended 31 March 2020 issued on 30 April 2021 we reported that, in our opinion, in all significant respects, Sheffield City Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2020.

#### Certificate

In our report dated 30 April 2021, we explained that we could not formally conclude the audit on that date until we had completed the work necessary to issue our assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. We have now completed this work.

No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave an unqualified opinion and value for money conclusion.

We certify that we have completed the audit of the accounts of Sheffield City Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.



Janet Dawson (Key Audit Partner)  
Ernst & Young LLP (Local Auditor)  
London  
Date: 28 May 2021

The maintenance and integrity of the Sheffield City Council web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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## Audit and Standards Committee Report

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**Report of:** Director of Legal and Governance

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**Date:** 10<sup>th</sup> June 2021

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**Subject:** Work Programme

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**Author of Report:** Sarah Cottam, Democratic Services  
(Tel - 0114 273 4015)

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**Summary:**

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

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**Recommendations:**

That the Committee:-

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

(b) approves the work programme.

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**Background Papers:** None

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**Category of Report:** OPEN

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## Statutory and Council Policy Checklist

<b>Financial Implications</b>
NO Cleared by:
<b>Legal Implications</b>
NO Cleared by:
<b>Equality of Opportunity Implications</b>
NO Cleared by:
<b>Tackling Health Inequalities Implications</b>
NO
<b>Human rights Implications</b>
NO:
<b>Environmental and Sustainability implications</b>
NO
<b>Economic impact</b>
NO
<b>Community safety implications</b>
NO
<b>Human resources implications</b>
NO
<b>Property implications</b>
NO
<b>Area(s) affected</b>
NONE
<b>Is the item a matter which is reserved for approval by the City Council?</b>
NO
<b>Press release</b>
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 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 includes standards related matters, including an annual review of the Members Code of Conduct and Complaints Procedure and an Annual Report on the complaints received.

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**

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Audit and Standards Work Programme 2021-22

<b>Date</b>	<b>Item</b>	<b>Author</b>
29 July 2021	Summary of Statement of Accounts	Dave Phillips (Head of Strategic Finance)
	External Audit Plan 2020-21	Ernst and Young (External Auditors)
	Annual Audit Letter 2019-20	Ernst and Young (External Auditor)
	Work Programme	Gillian Duckworth (Director of Legal and Governance)
23 September 2021	Strategic Risk Management	Helen Molteno (Corporate Risk Manager)
	Annual Internal Audit Opinion Report	Linda Hunter (Senior Finance Manager)
	Annual Governance Statement	Gillian Duckworth (Director of Legal & Governance)
	Work Programme	Gillian Duckworth (Director of Legal and Governance)
21 October 2021	Final Accounts Audit Progress	Ernst and Young (External Auditor)
	Progress on High Opinion Audit Reports	Linda Hunter (Senior Finance Manager)
	Annual Ombudsman Report	Corleen Bygraves-Paul (Service Delivery Manager)
	Information Management Annual Report	Catherine Hodgkinson (Senior Information Management Officer)
	Work Programme	Gillian Duckworth (Director of Legal and Governance)
9 December 2021	Statement of Accounts 20/21	Dave Phillips (Head of Strategic Finance)

Audit and Standards Work Programme 2021-22

	Education Healthcare Plan Update	Andrew Jones (Director of Education and Skills)
	Report of those Charged with Governance (ISA 260)	(External Auditor) Ernst & Young
	Whistleblowing Policy Review	Claire Corneile (Head of HR)
	Work Programme	Gillian Duckworth (Director of Legal and Governance)
20 January 2022	Formal Response to Audit (ISA 260) Recommendations	Dave Phillips (Head of Strategic Finance)
	Annual Audit Letter 2020/21	Ernst and Young (External Auditor)
	Review of Members' Code of Conduct	Gillian Duckworth (Director of Legal and Governance)
	Review of Standards Complaints Procedure	Gillian Duckworth (Director of Legal and Governance)
	Annual Standards Report	Gillian Duckworth (Director of Legal and Governance)
	Work Programme	Gillian Duckworth (Director of Legal and Governance)
24 February 2022	Strategic Risk Reporting	Helen Molteno (Corporate Risk Manager)
	Work Programme	Gillian Duckworth (Director of Legal and Governance)
24 March 2022	(Additional meeting if required)	
28 April 2022	Internal Audit Plan 2022/23	Linda Hunter (Senior Finance Manager)
	Progress in High Opinion Reports	Linda Hunter (Senior Finance Manager)

## Audit and Standards Work Programme 2021-22

	Compliance with International Auditing Standards	Dave Phillips (Head of Strategic Finance)
	Certification of Claims and Returns Annual Report 2020/21	External Auditor (EY)
	External Audit Plan 2021/22	External Auditor (EY)
	Annual Audit Fee Letter 2021/22	External Auditor (EY)
	Work Programme	Gillian Duckworth (Director of Legal and Governance)
June 2022	Audit Training	External Facilitator (Gary Bandy)
16 June 2022	Summary of Statement of Accounts	Dave Phillips (Head of Strategic Finance)
	Internal Audit Annual Fraud Report	Linda Hunter (Senior Finance Manager)
	Annual Ombudsman Report	Corleen Bygraves-Paul (Service Delivery Manager)
	Work Programme	Gillian Duckworth (Director of Legal and Governance)
21 July 2022	Work Programme	Gillian Duckworth (Director of Legal and Governance)

### **IMPORTANT INFORMATION FOR REPORT WRITERS**

The Audit and Standards Committee provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of the Committee is to provide independent assurance to the Council of the adequacy of the risk management framework and the internal control environment. It provides independent review of Sheffield City Council's governance, risk management and control frameworks and oversees the financial

## Audit and Standards Work Programme 2021-22

reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

The Committee also cover Standards and is primarily responsible for promoting and maintaining high standards of conduct by councillors, independent members,

and co-opted members. It is responsible for advising and arranging relevant training for members relating to the requirements of the code of

conduct for councillors. The Committee also monitor the Council's complaints process and the Council's response to complaints to the Ombudsman.

Most Audit and Standards papers are public documents, so use everyday language, and use plain English, don't use acronyms, or jargon and explain any technical terms. Assume the reader knows little about your subject.

Think about how the paper will be interpreted by those who read it including the media.

Use standard format - don't subvert it.

**Ensure** – You convey the key message in the first paragraph not the last.

The report should include –

- **Summary**
- **Recommendation (s)**
- **Introduction**
- **Background**
- **Main body of the report (in. legal, financial and all other relevant implications)**

The Committee is not an operational committee, so is not focussed on the day to day running of your service. However, its focus is on risk management and governance, so it will want to understand how you manage your key risks, and how you are responding to new challenges and developments. In particular the Committee will be interested in the progress on implementing agreed recommendations from inspection and audit reports, and will want to review your services' outputs and actions in response. You can expect some challenge if deadlines for implementing agreed actions have been missed. Please ensure breakdowns of information are included in your report, as the Committee is interested in the key facts and figures behind areas.

**(report templates are available from Democratic Services)**