

Audit Committee

Thursday 12 November 2015 at 5.00 pm

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

The Press and Public are Welcome to Attend

Membership

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

Independent Co-opted Members

Rick Plews and Liz Stanley.

PUBLIC ACCESS TO THE MEETING

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

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

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

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

FACILITIES

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

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

**AUDIT COMMITTEE AGENDA
12 NOVEMBER 2015**

Order of Business

- 1. Welcome and Housekeeping Arrangements**
- 2. Apologies for Absence**
- 3. Exclusion of Public and Press**
To identify items where resolutions may be moved to exclude the press and public.

(Note: The report relating to Strategic Risk Management is not available to the public and press because it contains exempt information described in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, relating to the financial or business affairs of any particular person, including the authority holding that information).
- 4. Declarations of Interest** (Pages 1 - 4)
Members to declare any interests they have in the business to be considered at the meeting.
- 5. Minutes of Previous Meeting** (Pages 5 - 12)
To approve the minutes of the meeting of the Committee held on 24 September 2015
- 6. Annual Audit Letter 2014/15** (Pages 13 - 22)
Report from KPMG
- 7. Proposed Audit Work Programme and Scale of Fees for 2016/17** (Pages 23 - 34)
Report of the Interim Director of Finance
- 8. Summary of Internal Audit Output by Opinion 2014/15** (Pages 35 - 40)
Report of the Senior Finance Manager (Internal Audit)
- 9. Strategic Risk Management** (Pages 41 - 72)
Report of the Acting Executive Director, Resources

(Note: The above report is not available to the public and press because it contains exempt information described in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, relating to the financial or business affairs of any particular person, including the authority holding that information)

10. Work Programme
Report of the Director of Legal and Governance

(Pages 73 - 78)

11. Dates of Future Meetings

To note that meetings of the Committee will be held at 5.00 p.m. on:-

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

ADVICE TO MEMBERS ON DECLARING INTERESTS AT MEETINGS

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

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

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

You **must**:

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

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

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

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

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

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

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

You have a personal interest where –

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

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

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

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

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

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

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Audit Committee

Meeting held 24 September 2015

PRESENT: Councillors Steve Jones (Chair), John Campbell, Dianne Hurst and Joe Otten.

Co-opted Independent Members
Rick Plews and Liz Stanley.

Officers in attendance
John Curtis (Head of Information and Knowledge Management)
Kayleigh Inman (Senior Audit Manager, Internal Audit)
Nalin Seneviratne (Director of Capital and Major Projects)
Andy Ward (Markets Manager)
Richard Eyre (Head Of City Centre Management and Major Events)
Clair Sharratt (Acting Senior Finance Manager, Strategic Finance)
Dave Phillips (Interim Director of Finance)
Sue Sunderland (Director, KPMG)
Simon Dennis (Senior Manager, KPMG)
Eugene Walker (Interim Executive Director, Resources)
Gillian Duckworth (Director of Legal and Governance)
Dave Ross (Principal Committee Secretary)

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1. APOLOGIES FOR ABSENCE

1.1 Apologies for absence were received from Councillors Tony Damms and Sioned-Mair Richards.

2. EXCLUSION OF PUBLIC AND PRESS

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

3. DECLARATIONS OF INTEREST

3.1 There were no declarations of interest.

4. MINUTES OF PREVIOUS MEETING

4.1 The minutes of the meeting of the Committee held on 21 July 2015 were approved as a correct record.

5. INFORMATION COMMISSIONER'S OFFICE CONSENSUAL AUDIT

5.1 John Curtis (Head of Information and Knowledge Management) introduced a report of the Interim Executive Director, Resources that outlined the recommendations following a consensual audit of the Council's processing of

personal data undertaken by the Information Commissioner's Office in March 2015. The audit focused on Freedom of Information, Subject Access Requests and Information Sharing mainly within Communities and Children & Young People Services. An Executive Summary of the audit was appended to the report that provided an outline of the good practice that had been identified, assessment scores and areas for improvement. An action plan was in place to ensure that the areas of improvement were addressed and the plan was overseen by the Information Governance Board.

- 5.2 In response to a question from a member of the Committee, the Head of Service indicated that all recommendations had been either fully accepted or partially accepted. Where an action had only been partially accepted, for example due to the resources available to meet that recommendation, an approach had been agreed with the Information Commissioner's Office.
- 5.3 The Head of Service responded to a further question regarding information sharing and indicated that the process would be more consistent and standard templates would be used where there was information sharing with partners.
- 5.4 **Resolved:** That the Committee notes the contents of the report and the Executive Summary of the Information Commissioner's Office Consensual Audit.

6. INTERNAL AUDIT ANNUAL REPORT 2014/15

- 6.1 Kayleigh Inman (Senior Audit Manager, Internal Audit) submitted the Internal Audit Annual Report 2014/15 that highlighted the work that had been undertaken by Internal Audit during the year and which supported the Council's Annual Governance Statement (AGS). Appended to the report were the Internal Audit Charter, Internal Audit structure and post audit questionnaire. In particular, the Senior Audit Manager referred to (a) the six audits that were assigned an audit opinion of high risk of failing to deliver objectives, compared to 13 in 2013/14, (b) the positive response from management on routine audit work and that the majority of recommendations had been accepted and (c) no significant control weaknesses having been included in the AGS, although there were six governance issues where further work was required to improve compliance with governance controls.
- 6.2 The Senior Audit Manager responded to questions from members of the Committee and indicated that:-
- A report could be submitted to the Committee on the headlines from the audit reports assigned a medium high opinion and also include information on the rationale for the revised audit delivery plan and how the work had been prioritised.
 - On the issue raised on the adequacy of the resources available to Internal Audit, there were 12.11 (whole time equivalent) posts and, although there had been a loss of some staff during the year, recruitment had been undertaken in August. This will have an impact however on delivery of the 2015/16 work programme. The Interim Director of Finance referred to the

Council budget pressures and that Internal Audit was not a frontline service.

- There were no significant changes to the Internal Audit Charter. In respect of the section in the Charter on Independence and Objectivity and that 'reports can also be made to the Chair of the Committee if required', that arrangement could be extended to include other members of the Committee. There were also briefings held with the Chair. Councillor Steve Jones (Chair) stated that he would be inviting Councillor Joe Otten (Deputy Chair) to those briefing meetings.

6.3 Resolved: That the Committee:-

- (i) notes the contents of the report and the opinion of the Chief Audit Executive (Senior Finance Manager) that she is satisfied that the core systems included control arrangements which were adequate to allow the Council to conduct its business appropriately;
- (ii) notes the positive performance figures in the report;
- (iii) approves the Internal Audit Charter at Appendix A of the report; and
- (iv) requests the Senior Audit Manager (Internal Audit) to submit a report to a meeting of the Committee on the headlines from the audit reports assigned a medium high opinion and provide information on the rationale for the revised audit delivery plan and how the work had been prioritised.

7. MARKETS HIGH OPINION AUDIT REPORT FOLLOW UP

- 7.1 Nalin Seneviratne (Director of Capital and Major Projects) introduced a report of the Executive Director, Place that updated the Committee on progress with the six outstanding recommendations from the Internal Audit report on the Markets Service issued in January 2015. Also attending for this item were Andy Ward (Markets Manager) and Richard Eyre (Head of City Centre Management and Major Events).
- 7.2 Officers responded to questions from members of the Committee on the issue of debt recovery and write off. The Markets Manager indicated that the outstanding debt for the former Castle Market was reducing and £300k was outstanding for the Moor Market. All debts were pursued until uneconomic to do so. The Head of City Centre Management and Major Events added that the aim was full recovery.
- 7.3 In terms of the effect of the outstanding debt on the viability of the market, the Markets Manager indicated that the debt was chased constantly but that for some traders forfeiture of the stall would be the only option.
- 7.4 In response to a question on whether any studies had been undertaken on the viability of the market, the Head of City Centre Management and Major Events stated that he had been working with the Markets Manager on a new 10 year Business Plan. The Director of Capital and Major Projects commented that the

review of the Business Plan had been instigated before the Internal Audit report on the Markets Service had been issued.

7.5 The Interim Director of Finance commented that there was a need to ensure that the systems relating to rent build up were sound. Traders had been allowed to move into the Moor Market with outstanding debt and the key emphasis was to reduce the level of arrears so it did not affect the viability of the market.

7.6 **Resolved:** That the Committee notes the progress detailed in the report.

8. 2014/15 STATEMENT OF ACCOUNTS AND THE EXTERNAL AUDITOR'S REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260)

8.1 The Committee considered a report of the Interim Executive Director, Resources that communicated any relevant matters arising from the external audit of the 2014/15 Statement of Accounts. Appended to the report were the Statement of Accounts and the External Auditor's Report to those Charged with Governance (ISA 260).

8.2 Clair Sharratt (Acting Senior Finance Manager, Strategic Finance) presented the report and highlighted that the External Auditors intended to issue an unqualified audit opinion on the accounts and an unqualified value for money conclusion. A number of minor misstatements and presentational errors had been identified by officers and, as a result of the external audit of the accounts, the necessary amendments had been made to the Statement of Accounts and agreed with the External Auditors. There was also one uncorrected error relating to a transaction that had been applied contrary to the new guidance in accounting for schools' assets. As the amendment of the previous year's figures would have involved a significant number of amendments having to be made and was below the threshold to be considered trivial by the External Auditors, the figures would be amended for the 2015/16 accounts.

8.3 Sue Sunderland (Director, KPMG) presented the external audit of the accounts and thanked Clair Sharratt and the Finance Team for their hard work and the quality of the accounts and indicated that the amendments had been fairly minor. The only outstanding issue related to the Whole Government Accounts and this was expected to be completed by 28 September and an unqualified opinion issued on the accounts. She confirmed that the accounts would not be amended for the issue relating to the transaction relating to schools' assets due to the amount involved. She was satisfied that the Council had arrangements in place to address the remaining risks relating to Adult Social Care and the need for saving plans for future years and would give an unqualified value for money conclusion. The continuing issue relating to pension data flows would be revisited in 2015/16 when the new pension system was able to monitor performance of data flows from other bodies.

8.4 Officers responded to questions from members of the Committee relating to non-audit work, reserves and the bad debt provision for short term debtors, as follows:-.

- The Director, KPMG stated that there was a limit on the amount of non-audit work they could undertake and this could be up to 20% of the audit fee or £18k whichever was the greater and this year it would be 20%. This required the approval of the Public Sector Audit Appointments (PSAA) Ltd and one of the considerations was whether the work created a perceived threat to KPMG's independence. Initially, the PSAA had not allowed KPMG to undertake the work on the 'Adult Social Care - Financial Grip' report but this work had now been approved. There was a rigorous process in place for consideration of the non-audit work and KPMG took its independence seriously.
- The Interim Director of Finance indicated that a prudent amount of reserves relating to the General Fund were held back but no more than was needed. This involved an assessment of all the risks.
- The Acting Senior Finance Manager indicated that it was prudent to make a provision for bad debts for short term debtors.

8.5 The Chair (Councillor Steve Jones) reported that Sue Sunderland was attending her last meeting of the Committee.

8.6 **Resolved:** That the Committee:-

- (a) accepts the Report to Those Charged with Governance (ISA 260) 2014/15;
- (b) approves the Statement of Accounts for 2014/15;
- (c) requests the Chair of the Committee to sign (i) the Letter of Management Representations in order to conclude the audit and (ii) the Statement of Accounts;
- (d) thanks Clair Sharratt and her Finance Team for their work on the Statement of Accounts and Sue Sunderland, Simon Dennis and the Audit Team at KPMG for their work on the ISA 260 report; and
- (e) places on record its appreciation to Sue Sunderland for her work as the Council's External Auditor and offers its best wishes for the future.

9. ADULT SOCIAL CARE PROGRESS UPDATE

9.1 Eugene Walker (Interim Executive Director, Resources) introduced a report of the Director of Business Strategy, Communities that provided an overview of the completed and ongoing management improvement actions in Adult Social Care relating to Strategic Planning, Leadership and Direction, Financial Control, Partnership and Change Management and Management and Performance Information. He explained that there had been regular reports to the Committee on the improvement areas. There had been a qualified opinion on the value for money conclusion in last year's External Audit of the accounts relating to Adult Social Care but an unqualified opinion was anticipated this year which was an indication of the progress that had been made. Although there was a projected

overspend this year it was less significant and he was confident that it would be balanced by the year end.

9.2 In respect of the request at the last meeting of the Committee for consideration to be given to publication of the closed report on Adult Social Care that was submitted to this Committee in July 2014, the Interim Executive Director stated that he had discussed this issue with the Director of Legal and Governance and a number of HR issues remained unresolved. Officers had tried to be as transparent as possible in the Committee meeting in July 2014 and there had been further progress reports to the open part of the Committee since that report was presented. Consequently, the Committee had received assurance that the findings of the report were being acted upon by the service. The Director of Legal and Governance added that there had been further assessment of the risks relating to HR liabilities and, in consequence, the report would remain closed for the foreseeable future, but officers would continue to review that position.

9.3 Councillor Joe Otten raised concern at the delay in publication of the report.

9.4 A member of the Committee suggested that the next progress report to the Committee could also include information that demonstrated that the figures accurately reflected what had to be delivered, that management teams were receiving accurate/reliable information and assurances that the budget pressures identified were being actioned.

9.5 **Resolved:** That the Committee:-

(a) notes the report and the improvement work that had been undertaken to date with regard to Adult Social Care; and

(b) requests the Director of Business Strategy, Communities to submit a further progress report to the Committee in approximately six months' time (a) on the actions identified in the report regarding further work and change required and (b) to include information that demonstrated that the figures accurately reflected what had to be delivered, that management teams were receiving accurate/reliable information and assurances that the budget pressures identified were being actioned.

10. WORK PROGRAMME

10.1 The Director of Legal and Governance submitted a report providing details of the Committee's draft work programme to April 2016.

10.2 **Resolved:** That the Committee approves the work programme with the addition of a report from the Senior Finance Manager (Internal Audit) on the headlines from audit reports that have been assigned a medium high opinion and to include information on the rationale for the revised Audit Delivery Plan and how the work had been prioritised.

11. DATES OF FUTURE MEETINGS

11.1 It was noted that meetings of the Committee would be held at 5.00 p.m. on:-

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

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AUDIT COMMITTEE REPORT - 12 NOVEMBER 2015

ANNUAL AUDIT LETTER 2014/15

Report from KPMG.

Summary

This report summarises the key findings from our 2014/15 audit of Sheffield City Council's Financial Statements and Value for Money Conclusion.

Recommendation

That the Annual Audit Letter 2014/15 is noted.

Category of Report - Open

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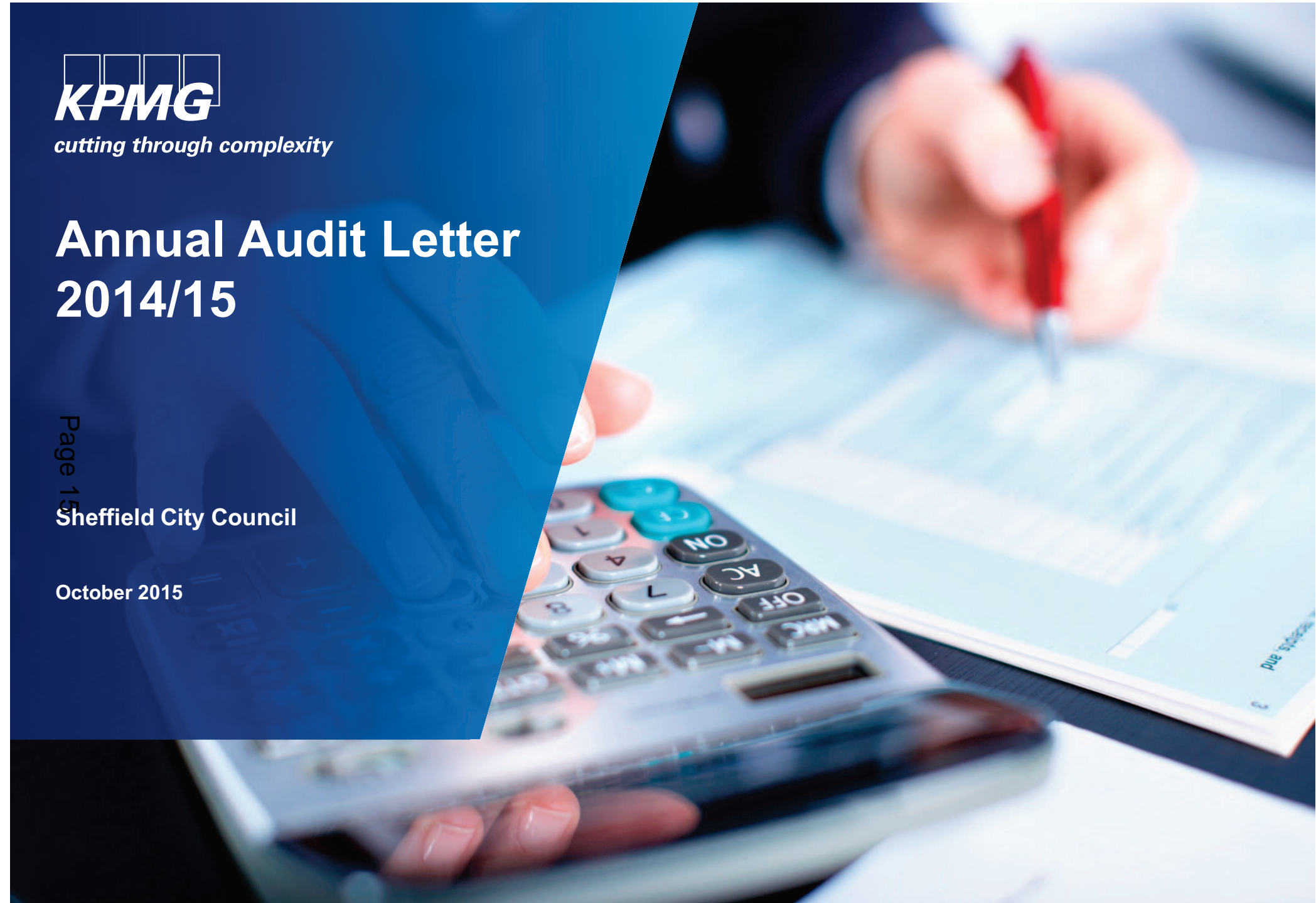
cutting through complexity

Annual Audit Letter 2014/15

Page 15

Sheffield City Council

October 2015





Contents

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Report sections

■ **Headlines**

Page

2

Appendices

1. **Summary of reports issued**

4

2. **Audit fees**

5

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies* summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psa.co.uk).

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

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact **Sue Sunderland**, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Trevor Rees (on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.



Section one Headlines

This report summarises the key findings from our 2014/15 audit of Sheffield City Council (the Authority).

Although this letter is addressed to the Members of the Authority, it is also intended to communicate these issues to key external stakeholders, including members of the public.

Our audit covers the audit of the Authority's 2014/15 financial statements and the 2014/15 VFM conclusion.

VFM conclusion	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2014/15 on 28 September 2015. This means we are satisfied that that Authority had proper arrangements for securing financial resilience and challenging how it secures economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at the Authority's financial governance, financial planning and financial control processes, as well as the arrangements for prioritising resources.</p>
VFM risk areas	<p>We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.</p> <p>Our initial risk assessment work at the planning stage of the audit identified the following significant matters:</p> <ul style="list-style-type: none"> ■ Challenges linked to the ongoing need to deliver savings and cost reductions to maintain financial resilience. ■ the management of adult social care following our qualification of the VFM conclusion in 2013/14. <p>Our detailed risk assessment provided sufficient assurance that the Council's arrangements around financial planning were adequate. However, we concluded that we needed to carry out additional work this year to assess the progress made in addressing last year's issues around Adult Social Care.</p> <p>Throughout the course of the financial year the Council has continued to implement the agreed action plan to address the issues that arose in Adult Social Care during 2013. Although further progress needs to be made, we are satisfied that the Council has arrangements in place to address the remaining risks in the service. We therefore concluded that there was no need to continue last year's qualification.</p> <p>Although we concluded that adequate arrangements are in place to manage the Authority's finances we have noted that the financial position will remain a challenge, in particular there will be an need to:</p> <ul style="list-style-type: none"> ■ make further substantial financial savings and cost reduction to close the predicted gap between funding and demand for services in future years ■ adjust housing business plans to reflect the impact of the annual 1% rent reduction over the next 4 years.
Audit opinion	<p>We issued an unqualified opinion on the Authority's financial statements on 28 September 2015. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.</p>
Financial statements audit	<p>We identified one material misstatement (which was presentational only) in the course of the audit which was corrected by officers.</p> <p>The Council has continued to produce good quality accounts, well supported by working papers. In particular for the past three years the Council has produced and made available its working papers electronically, which greatly facilitates our audit. Officers dealt efficiently with audit queries and the audit process has been completed within the planned timescales.</p>



Section one Headlines (continued)

All the issues in this Annual Audit Letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 1.

Page 18

Annual Governance Statement	We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding.
Whole of Government Accounts	The Authority prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements.
High priority recommendations	We raised no high priority recommendations as a result of our 2014/15 audit work.
Certificate	We issued our certificate on 28 September 2015. The certificate confirms that we have concluded the audit for 2014/15 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission's <i>Code of Audit Practice</i> .
Audit fee	Our fee for 2014/15 was £253,935, excluding VAT. Further detail is contained in Appendix 2.



Appendix 1: Summary of reports issued

This appendix summarises the reports we issued since our last *Annual Audit Letter*.

Page 19

External Audit Plan (February 2015)

The *External Audit Plan* set out our approach to the audit of the Authority's financial statements and to work to support the VFM conclusion.

Audit Fee Letter (April 2015)

The *Audit Fee Letter* set out the proposed audit work and draft fee for the 2015/16 financial year.

Auditor's Report (September 2015)

The *Auditor's Report* included our audit opinion on the financial statements along with our VFM conclusion and our certificate.

December

2015

January

February

March

April

May

June

July

August

September

October

November

Certification of Grants and Returns (December 2014)

This letter dated 9 December 2014 summarised the outcome of our certification work on the Authority's 2013/14 grants and returns.

Report to Those Charged with Governance (September 2015)

The *Report to Those Charged with Governance* summarised the results of our audit work for 2014/15 including key issues and recommendations raised as a result of our observations. We also provided the mandatory declarations required under auditing standards as part of this report.

Annual Audit Letter (October 2015)

This *Annual Audit Letter* provides a summary of the results of our audit for 2014/15.

This appendix provides information on our final fees for the 2014/15 audit.

Page 20

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2014/15 planned audit fee.

External audit

Our final fee for the 2014/15 audit was £253,935 which includes the additional £1,470 incorporated into the scale fee by the Audit Commission linked to the increased audit requirements around NNDR. The additional £4,605 relates to the cost of previous year's objections which were closed in 2013/14.

Certification of grants and returns

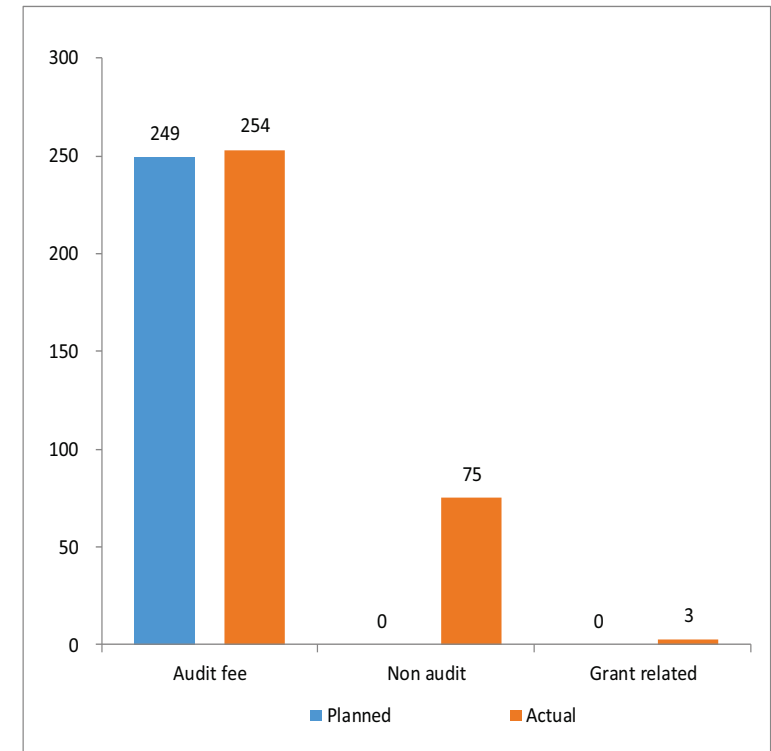
Under our terms of engagement with Public Sector Audit Services (PSAA Ltd) we undertake prescribed work in order to certify the Authority's housing benefit grant claim. This certification work is still ongoing. The final fee will be confirmed through our reporting on the outcome of that work in January 2016. During 2014/15 we charged £3,250 for audit of the Teacher's Pensions grant claim – which falls outside of the PSAA Ltd fee structure.

Other services

We also charged £51,000 for a review of financial grip within Adult Social Care plus £24,800 for a report on the Economic Impact of Connectivity.

This work was not related to our responsibilities under Audit Commission's *Code of Audit Practice*.

To ensure that there has been no compromise to our independence from carrying out this work each proposal is carefully considered against ethical standard requirements before agreeing that the work can be done. As an additional safeguard, PSAA Ltd review any proposals for work that would take us above 20% of the audit fee and their approval is required before work can commence.





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Audit Committee Report

REPORT OF Interim Director of Finance

DATE
12 Nov 2015

SUBJECT Proposed audit work programme and scale of fees for 2016/17 as set by the Public Sector Audit Appointments Limited (PSAA).

SUMMARY

This consultation document sets out the work that auditors will undertake at local government and police audited bodies during 2016/17, with the associated proposed scale audit fees and indicative certification fees.

It also highlights the proposed contract extension until the end of March 2018.

RECOMMENDATIONS

Audit Committee members are asked to note:

- the fee level set for the audit in 2016/17 – for SCC this is £186,998 and for the Combined Authority this is £22,500;
- the contract extension until 2018.

**FINANCIAL IMPLICATIONS
CLEARED BY**

**No
D Phillips**

PARAGRAPHS

BACKGROUND PAPERS

CONTACT POINT FOR ACCESS

K Inman

TEL NO.
273 4435

**CATEGORY OF
REPORT**

Open

Statutory and Council Policy Checklist

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

Proposed work programme and scales of fees 2016/17

Local government and police bodies

October 2015

Public Sector Audit Appointments Limited (PSAA) is an independent company limited by guarantee incorporated by the Local Government Association in August 2014.

The Secretary of State for Communities and Local Government delegated statutory functions (from the Audit Commission Act 1998) to PSAA by way of a letter of delegation issued under powers contained in the Local Audit and Accountability Act 2014.

The company is responsible for appointing auditors to local government, police and local NHS bodies, for setting audit fees and for making arrangements for the certification of housing benefit subsidy claims.

Before 1 April 2015, these responsibilities were discharged by the Audit Commission.

Contents

Introduction.....	2
Background	2
2016/17 fees.....	2
Fees beyond 2016/17.....	3
Redistribution of surplus	3
Responding to this consultation	3
Proposed work programme for 2016/17	4
Audit.....	4
Auditors' local value for money work	5
Certification work.....	5
National report.....	5
Proposed scales of fees for 2016/17	6
Scales of audit fees for local government and police bodies.....	6
Pension fund audits.....	6
Certification work.....	6
Value added tax	7
Next steps	8

Introduction

- 1 This consultation document sets out the work that auditors will undertake at local government and police audited bodies during 2016/17, with the associated proposed scale audit fees and indicative certification fees. A separate consultation document covers the [work programme and scales of fees at local NHS bodies](#).
- 2 The consultation does not cover small bodies subject to the limited assurance regime. Fee scales for small bodies were set in April 2012 for five years and are available on the [small bodies' fees page](#) of our website.
- 3 We hope the information set out in this document is helpful to stakeholders in considering our proposals for the 2016/17 work programme and scale fees, as well as supporting audited bodies' financial planning.

Background

- 4 The Local Audit and Accountability Act 2014 provides for the introduction of a new framework for local public audit. Under these provisions, the Audit Commission closed in March 2015 and the Secretary of State for Communities and Local Government delegated some statutory functions from the Audit Commission Act 1998 to Public Sector Audit Appointments Limited (PSAA) on a transitional basis.
- 5 PSAA will oversee the Commission's audit contracts for local government and police bodies until they end in 2018, following the announcement by the Department for Communities and Local Government (DCLG) that it will extend transitional arrangements for one year. PSAA's responsibilities include setting fees, appointing auditors and monitoring the quality of auditors' work. Further information on [PSAA and its responsibilities](#) is available on our website.

2016/17 fees

- 6 Scale fees for 2015/16 were set by the Audit Commission before it closed. The Commission reduced 2015/16 scale fees by 25 per cent based on the fees applicable for the previous year, in addition to the 40 per cent reduction in fees from 2012/13. The expectation is that these substantial fee reductions will continue to apply for the length of the audit contracts, providing there are no significant changes to auditors' work, and subject to annual review.
- 7 There are no planned changes to the overall work programme for local government and police audited bodies for 2016/17. We propose that 2016/17 scale audit fees and indicative certification fees are set at the same level as the scale fees applicable for 2015/16.
- 8 PSAA may approve variations to published scale fees and indicative certification fees for individual audited bodies, to reflect changes in circumstances or audit risks.
- 9 For some authorities a change in accounting requirements in 2016/17 relating to highways infrastructure assets will require additional audit work. The fee variation process will apply in 2016/17 for this additional work, because the amount of work will vary at each applicable authority in the first year of implementation of the new requirements.

Fees beyond 2016/17

10 The current contracts with audit firms will run until 2018, covering completion of the audit of the accounts for 2017/18, as DCLG has confirmed that the transitional arrangements will be extended by one year. PSAA will therefore set fees for 2017/18 audits. We would expect to consult on the 2017/18 work programme and scales of fees in late 2016, and publish the confirmed scale fees in March 2017.

Redistribution of surplus

11 Following completion of the Audit Commission's 2014/15 accounts, PSAA received a payment in respect of the Audit Commission's retained earnings. PSAA will redistribute this and any other surpluses from audit fees to audited bodies, on a timetable to be established now the position on transitional arrangements has been clarified by DCLG. The amount of the redistribution, based on current information, is likely to be in the order of 15 per cent of scale audit fees for local government and police bodies.

Responding to this consultation

We welcome comments from stakeholders on the proposals contained in this document.

Please send comments by email to:

workandfeesconsultation@psaa.co.uk

or by post to Jon Hayes, Chief Officer, at:

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

The consultation will close on **Friday 15 January 2016**.

Proposed work programme for 2016/17

Audit

12 Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory [Code of Audit Practice](#) and guidance for auditors from April 2015. Audits of the accounts for 2016/17 will be undertaken under this Code, on the basis of the work programme and scale fees set out in this consultation. Further information on the NAO Code and guidance is available on the [NAO website](#).

13 Auditors tailor their work to reflect local circumstances and their assessment of audit risk. They do this by assessing the significant financial and operational risks facing an audited body, and the arrangements it has put in place to manage those risks.

Audit work on highways infrastructure assets

14 CIPFA/LASAAC is expected to confirm, subject to the outcome of consultation, that the 2016/17 *Code of Practice on Local Authority Accounting in the United Kingdom* will adopt the measurement requirements of the *CIPFA Code of Practice on Transport Infrastructure Assets*, for highways infrastructure assets.

15 There is no reliable and equitable way of establishing at this stage the volume of additional audit work, and therefore the fees required, at each applicable local authority because:

- a) the amount of work needed will depend on the value of each authority's highways infrastructure assets, and the consequent impact of the change in reporting requirements on their financial statements;
- b) authorities are at different stages in preparing for implementation, making it difficult to estimate at this stage the amount of work auditors will need to undertake in each case;
- c) as with other financial reporting changes, it is likely that the first year of implementation will require more audit work than in subsequent years, so it would not be appropriate to increase scale fees on the basis of the work needed in the first year; and
- d) there is a possibility that some form of central assurance arrangements may be implemented using an approach that CIPFA is developing, which could help to contain the amount of additional audit work required.

16 Fees for the additional work identified by auditors at individual audited bodies in 2016/17 will be subject to approval under the normal fee variations process. We expect the additional fees for a highway authority will be in the range £5,000 to £10,000, where authorities are able to provide the information required, and the auditor is able to rely on central assurance of the models in use. Fees for non-highway authorities with material highways infrastructure assets should be below £5,000 where the same conditions apply.

Auditors' local value for money work

17 Under the Local Audit and Accountability Act 2014, auditors are required to satisfy themselves that an audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money arrangements conclusion).

18 Auditors will apply a risk-based approach to their local value for money work, giving a conclusion on the arrangements in place. The NAO's Code of Audit Practice and supporting guidance for auditors set out the approach and reporting criteria applicable for principal bodies.

19 A value for money arrangements conclusion is not required for audited bodies with annual income or expenditure of less than £6.5 million and which are subject to a limited assurance review. This is in line with the threshold set in the Local Audit and Accountability Act 2014 defining smaller relevant bodies, and the requirements of the Accounts and Audit (England) Regulations 2015.

20 Where a body with annual income or expenditure of less than £6.5 million elects to prepare accounts as a larger relevant body, it is subject to a full Code audit including a value for money arrangements conclusion.

Certification work

21 At the request of the Department for Work and Pensions (DWP), auditors appointed under the audit contracts will certify local authority claims for housing benefit subsidy for 2016/17. Auditors will undertake this work as agents of PSAA, using guidance based on the arrangements previously developed by the Audit Commission.

National report

22 PSAA will publish a report summarising the results of auditors' work on audited bodies' financial statements and arrangements to secure value for money.

Proposed scales of fees for 2016/17

Scales of audit fees for local government and police bodies

23 The scales of fees for 2016/17 reflect the cost of the work programme outlined above. The proposed 2016/17 scale fee for each [local government](#) and [police](#) audited body is available on our website.

24 The proposed scale audit fees for 2016/17 audits are the scale fees applicable for 2015/16.

25 PSAA has the power to determine the fee above or below the scale fee, where it considers that substantially more or less work was required than envisaged by the scale fee. The scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timeframes.

26 As the 2016/17 scale fees are based on the scale fees for 2015/16, they continue to reflect the auditor's assessment of audit risk and complexity. We would only expect variations from the scale fee to occur in 2016/17 where these factors are significantly different from those identified and reflected in the 2015/16 scale fee.

27 PSAA obtains updated fee information, and explanations for any proposed variations from the scale fee, from appointed auditors on a regular basis. We consider the reasonableness of the explanations provided by auditors, and seek confirmation that an audited body has been consulted about a proposed variation, before agreeing to any variation to the scale fee. Auditors cannot invoice audited bodies for any variations to scale fees until these have been approved by PSAA.

28 We will continue to keep the scale fees for particular groups of bodies under review, including police bodies and pension fund audits, to ensure they remain consistent with auditors' local assessments of audit risks.

29 PSAA will charge fees for considering objections from the point at which auditors accept an objection as valid, or any special investigations, such as those arising from disclosures under the Public Interest Disclosure Act 1998, as a variation to the scale fee.

Pension fund audits

30 The proposed scale fees for 2016/17 pension fund audits are the scale fees applicable for 2015/16. The proposed [pension fund](#) audit scale fee for each relevant audited body for 2016/17 is available on our website.

Certification work

31 The statutory duty to make certification arrangements, delegated to PSAA by the Secretary of State for the purpose of certifying housing benefit subsidy claims, requires PSAA to charge fees that cover the full cost of certification work.

32 An indicative certification fee is published each year for each relevant audited body, using the latest final certification fees available. Indicative fees for 2016/17 housing benefit

subsidy certification work will be based on final 2014/15 certification fees. We will receive this information from auditors in January 2016, after this consultation has closed, and will publish indicative 2016/17 certification fees on our website in March 2016.

33 For the purposes of this consultation, audited bodies and stakeholders may wish to refer to the [indicative certification fees for 2014/15](#), published on our website.

34 Indicative fees for certification work are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate claims and returns, with supporting working papers, within agreed timeframes.

35 We expect variations from the indicative certification fee for an audited body to occur only where issues arise that are significantly different from those identified and reflected in the previous year's fee.

Value added tax

36 All the 2016/17 fee scales exclude value added tax (VAT), which will be charged at the prevailing rate of 20 per cent on all work done.

Next steps

37 PSAA has a statutory duty to prescribe scales of fees for the audit of accounts. Before prescribing scales of fees, we are required to consult relevant representative organisations.

38 We welcome comments from audited bodies and stakeholders on the proposals contained in this document. The consultation will close on **Friday 15 January 2016**.

Please send comments by email to:

workandfeesconsultation@psaa.co.uk

or by post to Jon Hayes, Chief Officer, at:

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

39 Following consideration of responses to this consultation, the PSAA Board will approve the final 2016/17 work programme and scales of fees for publication in late March 2016.

40 If you have comments or complaints about the way this consultation has been conducted, these should be sent by email to generalenquiries@psaa.co.uk.

Audit Committee Report

REPORT OF	Senior Finance Manager (Internal Audit)	DATE	12 th November 2015
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SUBJECT	Summary of Internal Audit Output for the 2014/15 financial year as requested by Audit Committee Members
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SUMMARY	The attached is a list of all the audit reports in 2014/15. The report is split by opinion and details the audit title only. It also includes the work undertaken where an audit opinion is not required.
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RECOMMENDATIONS	To note the contents of the Report
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FINANCIAL IMPLICATIONS CLEARED BY	No K Inman	PARAGRAPHS
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BACKGROUND PAPERS

CONTACT POINT FOR ACCESS	Kayleigh Inman	TEL NO.	273 4435
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**CATEGORY OF
REPORT**

Open

Statutory and Council Policy Checklist

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

Report of the Senior Finance Manager
12 November 2015

Audit Committee – All Output with the Opinion for 2014/15

The purpose of this report is to detail the output issued by Internal Audit for the above period. This was requested by Audit Committee members following presentation of the Senior Finance Managers' annual report in September 2015.

The report is split into the opinions and lists the title of each review only.

High Opinion

The risk of the activity not achieving its objectives is **high**.
Internal Audit's overall opinion is that controls to manage the operational risks are not present or ineffective.

Markets Service (Place)
Blue Badge assessment process (Resources)
External Funding (Resources)
Statutory Responsibilities Health Check (Corporate)
Transitions (Communities and CYPF)
Outcome Planning (CYPF, Resources, Place, Communities)

Medium – High Opinion

The risk of the activity not achieving its objectives is **medium - high**.
Internal Audit's overall opinion is that controls to manage the operational risks are inadequate or operating poorly.

Customer Services – City Wide Alarms (Resources)
Information Governance (Information Strategy) (Resources)
Information Governance (Data Security) (Resources)
Financial Sign-off: corporate decisions with financial implications (Resources)
Fair Processing Notification (Resources)
Treasury Management (Resources)
Handling of Serious Incidents (Communities)
Care Contributions, Payments in Dispute (Communities)
Cash Handling (Communities)
Libraries Governance (Communities)
Choice Based Lettings system (Communities)
Quality of Market (Communities)
Use of Dedicated School Grant (CYPF)
Schools Critical Incident Planning (CYPF)
School Improvement Planning (CYPF)
Schools Business Continuity Planning (CYPF)
Cash Handling (CYPF)
Cash Handling Schools (CYPF)

City Deal – Skills (CYPF)
Thornbridge Centre (CYPF)
Cash Handling (Place)
Section 106 Planning Income (Place)
Employee Expenses, pro-active review (Corporate)
Mobile Phone Billing, pro-active review (Corporate)
Payroll (MFS)
Quality System Reviews (Internal)
Business Planning (CYPF, Resources, Place, Communities) – 4 reports
Business Setting and Implementation (CYPF, Resources, Place, Communities) – 4 reports

Medium – Low Opinion

The risk of the activity not achieving its objectives is **medium - low**.
Internal Audit's overall opinion is that the controls to manage the operational risks are mostly in place but there are some weaknesses in their operation.

Grant Aid Funding (Communities)
Right to Buy (Communities)
Estate Management (Communities)
Choice Based Lettings (Communities)
Care Contract Management (Communities)
Local Assistance Scheme Governance (Communities)
HRA – Self Financing Arrangements (Communities)
Coasted Commissioning Plans (Communities)
AGS Data Checks (Corporate)
AGS Statement Production (Corporate)
Slovakian-Roma Families – New Arrivals (Corporate)
MFS Financial Controls (Resources)
Geographical Information Systems (Resources)
OEO New replacement My Buy (Resources)
Bank Account Reconciliations (Resources)
Public Sector Network (Resources)
Review of Processes for identifying and categorising cost savings on non-contracted amounts (Resources)
Magnolia (Resources)
Housing Tenancy Fraud Strategy (Resources)
OEO General Ledger Reconciliation (Resources)
Commercial Services, Business Partner Interaction (Resources)
Remote Working (Resources)
Directors Assurance (CYPF, Resources, Place, Communities 4 reports)
NNDR (MFS)
P2P (MFS)
Housing Benefits (MFS)
Council Tax (MFS)
In Year Admissions (CYPF)
Alternative Provision (CYPF)
Traded Services (CYPF)
Cycling Tour De France – Grand Depart (Place)

Low Opinion

The risk of the activity not achieving its objectives is **low**.
Internal Audit's overall opinion is that controls to manage the operational risks are in place and operating effectively.

Declaration of pecuniary interests in Schools (CYPF)
Integrated Sexual Health Service (CYPF)
Public Health Service - contracts (Corporate)
Cash Handling – Registry (Resources)

In addition members requested a breakdown of the 2014/15 planned audits that were deferred as part of the September 2014 mid-year review, and a summary of the additional pieces of work that were added to the 2014/15 plan. This is produced below:

20 Planned audits that were deferred:

- Communities – Recovery Plan Progress
- Governance – ex Sheffield Homes follow-up
- Programme and Projects – Place Programme Management
- Programme and Projects – Resources Programme Management
- Partnerships and Contracts – Capita
- Partnerships and Contracts - Veolia
- Risk Management – Quality of Risk Mitigation follow up
- Grant – step up to Social Work (CYPF)
- Pupil Referral Unit
- Kier Asset Partnership Services (Kier KAPS) Payment mechanism
- Facilities Management
- HR – Service compliance with council Policies and procedures
- Commercial Services Review
- Review of Petty Cash Controls
- Housing Benefits – Universal Credit
- ICT – Disaster Recovery Arrangements
- VAT
- Corporate Asset Register
- Continuing Health Care – recharging mechanism
- Costed Commissioning Plans

29 additional activities added to the plan were:

- LD Client Management
- Rogue Landlord grant sign off
- Partnerships and Contracts – SYPIC
- Partnerships and Contracts – Amey
- Successful Families – phase 2
- Thornbridge centre
- Cash Handling in Schools
- School Attendance Multi Agency Support Teams (MAST) follow-up
- Sheffield Futures Contract Monitoring follow-up
- Adoption Services follow-up

- Homes and Communities Agency (HCA) Compliance Audit
- Integrated Waste Management Contract follow-up
- VAT Group
- Car Parking Investigation
- Fair Processing Notifications
- Protecting the Public Purse co-ordination and submission
- Counter-fraud funding bid
- Anti-Money Laundering Policy review and refresh
- Blue badge assessment process – pro-active review
- Car Parking supplementary follow up
- Quality Assurance Review
- Sheffield Housing Repairs and Maintenance – TUPE Arrangements
- Home Care Strategy follow-up
- SWAN Housing Project follow-up
- Accounts Production - employee year end - benefits accrual disclosure note
- Galileo refresh training
- Work Experience Mentoring
- SFM Annual Report
- Audit Committee High Opinion Tracker

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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Audit Committee Report

Report of: Director of Legal and Governance

Date: 12 November 2015

Subject: Work Programme

Author of Report: Dave Ross (0114 273 5033)

Summary:

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

Recommendations:

That the Committee:-

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

(b) approves the work programme.

Background Papers: None

Category of Report: OPEN

Statutory and Council Policy Checklist

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

WORK PROGRAMME

1. Purpose of Report

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

2. Work Programme

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

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

Date	Item	Author
10 December 2015	(additional meeting if required)	
14 January 2016	Update on actions to address the issues in the KPMG report on the review of Financial Support Processes in Adult Social Care	Eugene Walker (Interim Executive Director, Resources)
14 January 2016	Update on the Adult Social Care Change Programme	Eugene Walker/Laraine Manley (Interim Executive Directors, Resources and Communities)
14 January 2016	Progress on Audit Reports with a High Opinion	Kayleigh Inman (Senior Finance Manager)
14 January 2016	Certification of Claims and Returns Annual Report 2014/15	Tim Cutler (Partner, KPMG)
14 January 2016	External Audit Plan 2015/16	Tim Cutler (Partner, KPMG)
14 January 2016	Annual Governance Statement Progress Report	Gillian Duckworth (Director of Legal and Governance)
11 February 2016	(additional meeting if required)	
10 March 2016	(additional meeting if required)	

14 April 2016	Annual Audit Fee Letter 2016/17	Tim Cutler (Partner, KPMG)
14 April 2016	Internal Audit Plan 2016/17	Kayleigh Inman (Senior Finance Manager)
14 April 2016	Audit Commission Report on Protecting the Protecting the Public Purse/Update on Counter fraud initiatives	Dave Phillips (Acting Director of Finance)
14 April 2016	International Auditing Standards – Compliance with Internal Control/counter Fraud	Dave Phillips (Acting Director of Finance)
14 April 2016	Strategic Risk Management	Richard Garrad (Corporate Risk Manager)

3. Recommendation

3.1 That the Committee:-

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

Director of Legal and Governance

Audit Committee Terms of Reference (Revised February 2012)

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

Audit Activity

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

Regulatory Framework and Risk Management

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

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

Accounts

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