

# **Audit Committee**

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**Thursday 14 January 2016 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**

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Councillors Steve Jones (Chair), John Campbell, Tony Damms, Rob Frost, Dianne Hurst, Joe Otten (Deputy Chair) and Josie Paszek.

## **Independent Co-opted Members**

Rick Plews and Liz Stanley.

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## **PUBLIC ACCESS TO THE MEETING**

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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](http://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](mailto:dave.ross@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 COMMITTEE AGENDA  
14 JANUARY 2016**

**Order of Business**

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- 1. Welcome and Housekeeping Arrangements**
- 2. Apologies for Absence**
- 3. Exclusion of Public and Press**  
To identify items where resolutions may be moved to exclude the press and public.
- 4. Declarations of Interest** (Pages 1 - 4)  
Members to declare any interests they have in the business to be considered at the meeting.
- 5. Minutes of Previous Meeting** (Pages 5 - 10)  
To approve the minutes of the meeting of the Committee held on 12 November 2015
- 6. Update on the Adult Social Care Programme** (Pages 11 - 18)  
Report of the Director of Business Strategy, Communities.
- 7. Update on Finance Service Actions Arising from the KPMG Report on Adult Social Care** (Pages 19 - 24)  
Report of the Assistant Director of Finance.
- 8. Progress Against High Opinion Audit Reports** (Pages 25 - 72)  
Report of the Senior Finance Manager, Internal Audit
- 9. Summary of the Key Recommendations Made in the Medium-High Opinion Audit Reports From 2014/15** (Pages 73 - 90)  
Report of the Senior Finance Manager, Internal Audit.
- 10. External Auditor Arrangements from 2018/19** (Pages 91 - 98)  
Briefing paper from Tim Cutler, Partner and Alison Ormston, Senior Manager, KPMG on considerations in appointing the external auditor.
- 11. Work Programme** (Pages 99 - 102)  
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:-
  - 11 February 2016 (additional meeting if required)
  - 10 March 2016 (additional meeting if required)
  - 14 April 2016
  - 14 July 2016

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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 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 Committee**

**Meeting held 12 November 2015**

**PRESENT:** Councillors Steve Jones (Chair), John Campbell, Tony Damms, Joe Otten (Deputy Chair) and Josie Paszek.

Co-opted Independent Members

Rick Plews and Liz Stanley.

Officers in attendance

John Mothersole (Chief Executive)  
Eugene Walker (Acting Executive Director, Resources)  
Kayleigh Inman (Senior Audit Manager, Internal Audit)  
Dave Phillips (Interim Director of Finance)  
Tim Cutler (Partner, KPMG)  
Simon Dennis (Senior Manager, KPMG)  
Gillian Duckworth (Director of Legal and Governance)  
Dave Ross (Principal Committee Secretary)

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**1. APOLOGIES FOR ABSENCE**

1.1 An apology for absence was received from Councillor Dianne Hurst.

**2. DECLARATIONS OF INTEREST**

2.1 There were no declarations of interest.

**3. MINUTES OF PREVIOUS MEETING**

3.1 The minutes of the meeting of the Committee held on 24 September 2015 were approved as a correct.

Matter Arising

3.2 In response to a point raised by a member of the Committee on item 6 of the minutes (Internal Audit Annual Report 2014/15), the Senior Audit Manager, indicated that the section in the Internal Audit Charter on Independence and Objectivity would be amended to indicate that 'reports can also be made to the Chair and other members of the Committee, including Co-opted Members'.

**4. ANNUAL AUDIT LETTER 2014/15**

4.1 Simon Dennis, Senior Manager, KPMG, introduced the Annual Audit Letter 2014/15 that summarised the key findings from their audit of the Council's accounts for 2014/15. An unqualified opinion had been given on the financial statements and an unqualified value for money conclusion had been issued. The Letter set out the key headlines and the issues that had been previously reported

to the Council. Appendix 1 to the report summarised the reports that had been issued since the previous Annual Audit Letter.

4.2 The Interim Director of Finance welcomed the Letter which he considered was very positive.

4.3 The Chair of the Committee referred to the quality of the accounts, the unqualified value for money conclusion and that the risks were being addressed which provided assurance.

4.4 **Resolved:** That the Committee notes the Annual Audit Letter 2014/15.

## **5. PROPOSED AUDIT WORK PROGRAMME AND SCALE OF FEES FOR 2016/17**

5.1 The Interim Director of Finance introduced a consultation document from Public Sector Audit Appointments Limited (PSAA) that set out the work that auditors will undertake at local government and police audited bodies during 2016/17, with the associated proposed scales of audit fees and indicative certification fees. The fees in 2016/17 would at the same level as in 2015/16. He highlighted that (a) the contracts had been extended in local government by one year to 2017/18, (b) KPMG had been successful in retaining the contracts in Yorkshire and Humberside and (c) the Audit Committee would be involved in the appointment of the external auditor when the contract ended in 2018.

5.2 Tim Cutler, Partner, KPMG, suggested the submission of a briefing paper on the auditor arrangements from 2018/19 to the next meeting of the Committee.

5.3 In response to questions from Members of the Committee, Tim Cutler indicated that (i) a decision on the future role of PSAA was to be determined, (ii) the Council would appoint its own auditors for 2018/19 by December 2017, (iii) KPMG would be the Council's auditors until the end of March 2018 and (iv) in relation to the changes on audit work for highways infrastructure assets, there would be a significant change in accounting practice.

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

(A) the contents of the report;

(B) the fee level set for the audit in 2016/17 is £186,998 for the City Council and £22,500 for the Combined Authority and the extension of the contract until 2018; and

(C) that KPMG would submit a briefing paper to the next meeting of the Committee on the auditor arrangements from 2018/19.

## **6. SUMMARY OF INTERNAL AUDIT OUTPUT BY OPINION 2014/15**

6.1 Further to the request at the meeting of the Committee on 24 September 2015, the Senior Audit Manager (Internal Audit), introduced a report containing a list of the audit reports by opinion issued in 2014/15, a breakdown of the planned audits

that were deferred as part of the September 2014 mid-year review and the additional work that was added to the 2014/15 Internal Audit Plan.

- 6.2 Officers responded to questions from members of the Committee. On the issue of whether all the Council's functions were included in the list of audits, the Senior Audit Manager stated that the 'audit universe' was a schedule of all the areas that can be covered and this was refreshed annually and continued to grow. This took account of the risk register and items considered by Cabinet.
- 6.3 The Acting Executive Director, Resources indicated that the audit planning process was about targeting resources at the right activities and functions. When audit reports highlighted issues this reinforced that the right activities were being examined.
- 6.4 Members of the Committee suggested the inclusion of further information on the headlines from the medium high audits, possibly to include themes and that the Committee should be informed where there was a lack of response from a service to a follow-up audit.
- 6.5 **Resolved:** That the Committee:-
- (a) notes the report; and
  - (b) requests the Senior Audit Manager (Internal Audit) to (i) provide further information to the Committee on the headlines from the Medium High Audit Opinions, possibly to include themes and (ii) inform the Committee where there was a lack of a response from a service to Internal Audit follow-up reports.

## **7. EXCLUSION OF PUBLIC AND PRESS**

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

## **8. STRATEGIC RISK MANAGEMENT**

- 8.1 The Corporate Risk Manager submitted a report and gave a presentation that assessed:
- the Council's current Risk Management arrangements and the measures being implemented to further strengthen and improve those arrangements;
  - the Risk Management trend analysis since the previous report to the Committee on 28 April 2015;
  - the current and emerging risks to delivery of the Council's strategic objectives

and the controls in place to manage those risks.

- 8.2 The Corporate Risk Manager, Chief Executive and Acting Executive Director Resources responded to questions from members of the Committee on the risk trend analysis and welfare reform and (a) indicated that consideration was being given to providing more meaningful information in the risk trend analysis and (b) explained how the overall number of risks reported were dealt with at a service level. The Interim Director of Finance indicated that consideration was being given to making future reports to the Committee on risk management open rather closed.
- 8.3 The Chair thanked the Corporate Risk Manager for his presentation, noted those risks that were under close scrutiny and considered that that the number of risks that were reducing was good news.
- 8.4 **Resolved:** That the Committee notes:-
- (i) the current assessment of the Council's Risk Management arrangements and endorses the measures being taken to strengthen those arrangements;
  - (ii) the improving trend in the management of risks;
  - (iii) the current and emerging risks and endorse the actions being taken to mitigate those risks; and
  - (iv) that consideration was being given to future reports to the Committee on risk management being open reports.

## 9. WORK PROGRAMME

- 9.1 The Director of Legal and Governance (a) submitted a report providing details of the Committee's work programme to April 2016, (b) referred to the two additional items agreed earlier in the meeting and (c) suggested that as there were no areas of non-compliance identified in the Annual Governance Statement, a progress report was not required for the January meeting of the Committee.
- 9.2 Tim Cutler, Partner, KPMG, suggested that Committee's Terms of Reference should be refreshed to remove reference to the Audit Commission on the appointment of the external auditor.
- 9.3 **Resolved:** That the Committee:-
- (i) approves the work programme with the addition of a briefing paper on the audit arrangements from 2018/19 and a report with further information on the headlines from the Internal Audit Medium High opinions for the January meeting of the Committee; and
  - (ii) requests the Director of Legal and Governance to update the Committee's Terms of Reference with regard to reference to the Audit Commission that closed in March 2015.

**10. DATES OF FUTURE MEETINGS**

10.1 It was noted that the meetings of the Committee would 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

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# Audit Committee Report

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<b>REPORT OF</b> Director of Finance	<b>Director of Business Strategy Communities</b>	<b>DATE</b> 14 January 2016
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<b>SUBJECT</b>	Update report regarding Adult Social Care
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<b>SUMMARY</b>	The attached report provides an overview of the completed and ongoing management improvement actions in Adult Social Care.
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<b>RECOMMENDATIONS</b>	Sheffield City Council Audit Committee to note the contents of the Report and to agree to return to business as usual Internal Audit monitoring processes
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<b>FINANCIAL IMPLICATIONS</b> CLEARED BY	No L Pattman	<b>PARAGRAPHS</b>
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**BACKGROUND PAPERS**

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<b>CONTACT POINT FOR ACCESS</b>	L Pattman	<b>TEL NO.</b> 273 6622
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**CATEGORY OF REPORT**

Open

## Statutory and Council Policy Checklist

<b>Financial implications</b>
<del>YES</del> /NO      Cleared by: L Pattman
<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>
<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? <del>YES</del>/NO</b>
<b>Press release</b>
<del>YES</del> /NO



# Adult Social Care – 14 January 2016 Progress Report

## 1.0 Introduction

- 1.1 The area of Adult Social Care (ASC) was reviewed in 2013. This update report outlines:
- A management update regarding the interventions and change processes that have been undertaken throughout the Communities Portfolio and the Resources Portfolio;
  - Further actions that are planned
- 1.2 A number of improvement areas were identified as:
- Strategic Planning, Leadership and Direction
  - Financial Control and Responsibility
  - Partnership and Change Management
  - Management and Performance Management Information
  - General cultural issues

## 2.0 Strategic Planning, Leadership and Direction

- 2.1 The following actions have been undertaken to address improvements in relation to Strategic Planning, Leadership and Direction:
- The Communities Portfolio is now under new executive leadership;
  - ASC now has a new Senior Management structure to which a number of permanent appointments have been recently made after a period of interim arrangements;
  - The current Portfolio Leadership Team has undertaken a series of training sessions to build strategic planning and leadership skills to continue to strengthen the ASC service; and
  - The Better Care Fund (BCF) and its implementation have led to closer partnership working between Health Partners and Sheffield City Council (SCC), this will continue to have a considerable impact on the future strategic direction of ASC in Sheffield.
- 2.2 The following actions need to continue to be developed and implemented to ensure the continued improvement of ASC in Sheffield, a further update to the committee will be provided in six months:
- Further development of the Portfolio Plan which provides a bridge between the Corporate Plan and Operational Service Plans owned within the ASC service;

- Further development of the Portfolio Plan to extend into the medium term and strategically align with the direction of the BCF;
- Development of a Commissioning Strategy for ASC; and
- The ability of the Portfolio to link strategic and operational planning continues to improve, supported by the improvements which are underway in management and performance information.

### 3.0 Financial Control and Responsibility

3.1 The following actions have been undertaken to address improvements in relation to Financial Control and Responsibility:

- As reported in the last update PLT has delivered £13.1m savings in the current financial year against a target of £15.7m, depending on the weather conditions in winter it is possible that the portfolio could outturn close to budgeted levels;
- The PLT is involved in the Business Planning process and this is a standing item on the PLT agenda, this is supported by a Portfolio specific timetable which complements the Corporate Business Planning process, since the last update the Portfolio has achieved proposals to balance the 2016/17 budget subject to full council approval;
- The Interim Executive Director of Resources is kept regularly updated of relevant financial issues by both the Executive Director of Communities and the Interim Director of Business Strategy;
- A joint finance appointment has been made between SCC and the Clinical Commissioning group (CCG) to improve joint financial planning;
- Financial implications of changes are part of the options appraisal process for any proposed change to ASC service delivery;
- Savings proposals and the implementation of them are regularly reviewed by PLT;
- A data cube has been developed to interrogate financial information held in the main finance system;
- Risk reporting regarding the delivery of 16/17 savings proposals will begin in January, ahead of the corporate timetable to ensure that implementation plans are closely monitored and savings are achieved; and
- A monthly review of financial performance takes place between the Interim Director of Business Strategy, the Interim Assistant Director of Finance Business Partnering and relevant Directors within the Communities Portfolio. These reviews cover both financial performance in the current financial year and business planning issues as required.

3.2 The following actions need to continue to be developed and implemented to ensure the continued improvement of ASC in Sheffield:

- Further improvements to financial analysis, to include further improvements to the full understanding of cost drivers;

- Undertaking a zero based budgeting approach to Adult Social Care;
- Activity Based Costing to be used to assess the relative costs of SCC's internally provided services;
- Completion of the definition of the role of Finance Business Partnering (FBP) and the support offered to the Communities Portfolio;
- A full value for money assessment of the Portfolio;
- As part of the implementation of the new finance system a review of feeder systems and the chart of accounts to provide the required level of transparency to adequately control costs;
- Improved controls regarding invoicing and income control;
- Consideration to be given to implementing a system of commitment accounting;
- A re-design of the financial reports available;
- Improved reconciliation of cost information held in Care First to that held within the General Ledger;
- Development of a shared financial strategy / cost improvement plan for ASC and the wider BCF;
- Further integration of the FBP team with regard to the provision of financial information and advice; and
- A revised training offer regarding financial skills to upskill budget managers in the Communities Portfolio.

## 4.0 Partnership and Change Management

4.1 The following actions have been undertaken to address improvements in relation to Partnership and Change Management:

- As part of the BCF the Integrated Commissioning Programme (ICP) was set up between Health Partners and SCC to facilitate change management and better partnership working as part of the BCF. The ICP has now been up and running for nearly two years;
- The Section 75 agreement between the Council and the Clinical Commissioning Group (CCG) has been re-written, agreed and implemented to reflect the new ways of working within the BCF;
- An Executive Management Group (EMG) oversees and sets the direction of the work of the ICP. The membership of the EMG is drawn from senior leaders in the NHS and SCC;
- ASC within SCC has a specific programme of change which is overseen by both PLT and Heads of Service and strategically aligns with the ICP;
- Various other boards support the governance of this programme of change, for example the Learning Disabilities Commissioning Programme Board;
- A full review of the model of Self Directed Support and personalisation within SCC has been undertaken and implemented which has resulted in a programme of reviews and re-assessments to ensure that Service Users are having their eligible needs met.

4.2 The following actions need to continue to be developed and implemented to ensure the continued improvement of ASC in Sheffield, a further update to the committee will be provided in six months:

- In the last update it was reported that the partnership between Health Partners and SCC will continue to grow and develop and that there were still elements of service delivery in SCC which required more formalised agreements between SCC and Health (the Short Term Intervention Service (STIT) is an example of this). This context regarding this has now moved on as a result of the decision to re-commission active support and recovery activity across the Health and Social Care sector. This re-commissioning will result in new ways of structuring service delivery across the city so the need for specific agreements between SCC and Health is no longer relevant. In the interim the New Head of Service with responsibility for STIT has a number of improved management information reports to better manage service demand and flow from the Health sector into Social Care;
- The partnership arrangements of the BCF will continue to grow and develop and the impact of them on ASC within SCC will need to be kept under continual review;
- Effective change management will continue to improve in line with general improvements in the culture of ASC in SCC; and
- The programme of change for ASC is being further re-designed to expand to a full Portfolio Programme of change whilst still maintaining strong strategic alignment with the ICP.

## 5.0 Management and Performance Information

5.1 The following actions have been undertaken to address improvements in relation to Management and Performance Information:

- The Performance Management Framework has been fully reviewed, re-designed and re-implemented;
- Performance management is reviewed and addressed on a regular basis by both PLT and management teams in ASC;
- The management requirements of the Care-First system (ASC Case management System) have been defined;
- A business intelligence platform has been developed to provide effective information regarding the performance and management information relevant to ASC;
- Management Information Dashboards are now in the process of being rolled out to managers along with an accompanying training programme, this will allow Managers to drill down to individual levels of productivity and performance;
- The first phase of the Managing Employee Reductions (MER) process has been completed in Business Strategy, new permanent appointments to Management positions are in the process of being made; and

- There is also a wider review of Business Intelligence underway to join up financial and management performance. This is conducting in-depth service by service reviews.

5.2 The following actions need to continue to be developed and implemented to ensure the continued improvement of ASC in Sheffield:

- The MER phase 2 process is underway in the Business Strategy Service, this includes changes to performance management arrangements in order to deliver clear accountability of the design, review and implementation of effective performance reporting management arrangements;
- The MER also includes changes to Business Intelligence arrangements in order to deliver clear accountability of the design, review and implementation of effective management information arrangements; and
- The Business Intelligence platform and its associated reporting regime (including an early warning system) will continue to be developed to identify, inform and provide strategic and operational change requirements.

## 6.0 General Cultural Issues

6.1 The following actions have been undertaken to address improvements in relation to General Cultural Issues:

- Significant work has been undertaken to understand and change the culture in relation to ASC over the past two years. The Executive Director holds regular feedback sessions with Staff in ASC to understand their views and issues that may impact upon effective service delivery;
- There has been a clear message from the Executive Director of Communities that there are no 'no-go' areas particularly with regard to business planning;
- There has been work undertaken to look at individual roles and responsibilities to address the previous culture of decision making by committee. This will be an on-going process given the length of time this culture has been existence;
- A set of ways of working have been developed between the PLT and the Wider Senior Management Team to set out how the Portfolio will operate in the future;
- Staff Morale scores are considered at PLTs, SMTs and with Union representatives along with actions to address resulting issues;
- There have been a series of workshops between the PLT and the Wider Senior Management team which have addressed cultural issues and actions to be taken to improve the culture and morale throughout the Portfolio;
- A structured communications strategy from the PLT downwards is in development in conjunction with HR Business Partnering; and
- Sickness continues to be addressed across the Portfolio by way of workshops with Managers with the support of HR Business Partnering.

6.2 By its nature cultural change is an on-going process. The following actions need to continue to be developed and implemented to ensure the continued improvement of ASC in Sheffield:

- Continued development and implementation of the agreed ways of working of the Communities Portfolio;
- Continued development of Finance Business Partnering team;
- Continued action against sickness levels in the Portfolio;
- Continued action plans to address Staff Morale survey scores;
- Continued implementation of the ASC Change Programme and the ICP; and
- Continued development of the Culture and Communications work-stream in the ASC Change Programme.

## **7.0 Recommendations**

7.1 That Members consider whether they are sufficiently apprised of management action in relation to ASC to accept this as the final progress report and to pick up outstanding actions in relation to financial control separately. Any further audit issues will be addressed on a specific basis as part of the high opinion report process.

7.2 That Members note the improvement work that has been undertaken to date with regard to ASC.



## Audit Committee Report

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**Report of:** Assistant Director of Finance

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**Date:** 14/01/2016

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**Subject:** KPMG report into Adult Social Care – Financial Grip

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**Author of Report:** Richard Jones

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

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

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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>
YES/NO      Cleared by:
<b>Legal Implications</b>
YES/NO      Cleared by:
<b>Equality of Opportunity Implications</b>
YES/NO      Cleared by:
<b>Tackling Health Inequalities Implications</b>
YES/NO
<b>Human rights Implications</b>
YES/NO:
<b>Environmental and Sustainability implications</b>
YES/NO
<b>Economic impact</b>
YES/NO
<b>Community safety implications</b>
YES/NO
<b>Human resources implications</b>
YES/NO
<b>Property implications</b>
YES/NO
<b>Area(s) affected</b>
<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>
<b>NO</b>
<b>Press release</b>
NO



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

## **1 Introduction**

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

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

4 The key financial actions identified were as follows:

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

5 The following sections are intended to give a brief update on the actions to date. Updates have been provided at July 2015 and Jan 2016.

## **6 Improvements to monthly monitoring and reporting**

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

- a. Commentaries within reports have increasingly focussed on the “why?” as well as the “what?”, providing more understanding of underlying financial performance.
- b. A new tool has been developed to enable more agile interrogation and analysis of financial performance vs. budget and also trended performance over time.
- c. The latest monthly monitoring report included a detailed review of the Learning Disabilities (LD) service as this is a key area of focus. This was well received and identified areas for further work and action. The intention is to repeat this review for other areas as necessary in future months.
- d. The business partnering team are focussing more on the links between actual and forecast outturn positions as well as looking at the income and expenditure on a gross basis to provide more insight.

- e. Further review of reporting outputs is ongoing and part of a dialogue between finance and the service

**Update January 2016**

- f. Detailed review of Older People now completed. In addition as part of the Better Care Fund financial review work, the spend in Ongoing Care and Keeping People Well themes was reviewed in detail and presented to the Executive Management Group (EMG).
- g. Improvements to accuracy of accruals in YTD actuals have facilitated a more robust review of forecasting (especially the correlation between actuals and full year forecast). However further development is still needed in YTD and budget profiling.
- h. Finance Business Partners have received formal training in the use of the analysis tool (2 sessions covered all of the team)
- i. Finance Business Partners are currently working with service to develop a 'reporting dashboard' for monthly review at the Care and Support Leadership Team meeting.

## **8 Detailed Review of the Forecasting Process**

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

**Update January 2016**

- d. The forecasting of purchasing costs for Older People and those with Learning Disabilities is now based on output from the Platform. Further work is underway to store forecasts by month to allow a detailed breakdown of movements between forecasts. Further work is also required on developing trend analysis.

## **9 Review of Finance Business Partnering activity across Communities**

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

**Update January 2016**

- b. Initial feedback from service re the changes in the business partnering team has been positive. Further developments of the business partnering offer are underway.

## **10 Communications around Communities Financial Performance**

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

### **Update January 2016**

- c. Work with the CCG on the Medium Term Financial Strategy continues with detailed review of themes 2 and 4 presented to EMG.
- d. Business planning processes are also now more aligned with progress shared between the 2 organisations at regular intervals. There have been improvements in the sharing of information, and further integration of business planning processes will be developed over time.
- e. Monthly Budget Monitoring is now presented regularly to EMG.
- f. The BCF Senior Finance Manager now in post since November 1st.

## **11 Review of Financial Governance**

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

### **Update January 2016**

- c. Whilst the new RAS tables have been developed, they have not been implemented, pending an assessment of the full financial impact. This will now be addressed as a matter of priority.

## **12 Non finance Actions**

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

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

**e. Update January 2016**

- f. The review of the performance of reablement service is now being worked into budget savings with support from finance
- g. The finance support to the LD commissioning programme has resulted in validation of savings which are included in the business planning process.
- h. Finance are also supporting the workstream to develop further savings in line with proposals to balance the budget for 2016-17.

### **13 Other Actions and Workstreams**

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

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

**Update January 2016**

- d. The Business Planning round for 2016-17 is nearing completion with proposals in place for balancing the Communities budget. Finance Business Partners continue to work with service to develop these proposals (including savings in LD and Adult Provider Services).
- e. The Business Partnering Team are working closely with the Integra Project Team to realign the chart of accounts in order to better enable the improvement of management information direct from the ledger where possible.



## Audit Committee Report

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<b>REPORT OF</b>	<b>Senior Finance Manager</b>	<b>DATE</b> 14th Jan 2016
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<b>SUBJECT</b>	<b>Progress on High Opinion Audit Reports</b>
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<b>SUMMARY</b>	<b>The attached is the report of the Senior Finance Manager (Internal Audit) providing an updated position on Audit Reports issued with a high opinion.</b>
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<b>RECOMMENDATIONS</b>	<b>Sheffield City Council Audit Committee to note the contents of the Report and agree to remove the following audits:</b>
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- Markets Service (Place) – requested update due in March 2016
- Assisted Cycle Purchase Scheme (Resources)
- Blue Badges – Assessment Process (Resources)
- School Attendance - Multi Agency Support Teams (MAST) (CYPF)
- Schools, using independent payroll services (CYPF)
- Short Term Intervention Team (STIT) (Communities).

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<b>FINANCIAL IMPLICATIONS CLEARED BY</b>	<b>No K Inman</b>	<b>PARAGRAPHS</b>
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### BACKGROUND PAPERS

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<b>CONTACT POINT FOR ACCESS</b>	<b>K Inman</b>	<b>TEL NO.</b> <b>273 4435</b>
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**CATEGORY OF  
REPORT**

Open

## Statutory and Council Policy Checklist

<b>Financial implications</b>
<del>YES</del> /NO      Cleared by: K Inman
<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>
<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? <del>YES</del>/NO</b>
<b>Press release</b>
<del>YES</del> /NO

**REPORT TO SHEFFIELD CITY COUNCIL AUDIT COMMITTEE**  
**14 January 2016**

**Internal Audit Report on Progress Against High Opinion Audit Reports.**

**Purpose of the Report**

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

**Introduction**

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

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

**FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from the report.

**EQUAL OPPORTUNITIES IMPLICATIONS**

There are no equal opportunities implications arising from the report.

**RECOMMENDATIONS**

1. That the audit committee notes the content of the report.
2. That the audit committee agrees to the removal of the following reports from the tracker:
  - Markets Service (Place) – requested update due in March 2016
  - Assisted Cycle Purchase Scheme (Resources)
  - Blue Badges – Assessment Process (Resources)
  - School Attendance - Multi Agency Support Teams (MAST) (CYPF)
  - Schools, using independent payroll services (CYPF)
  - Short Term Intervention Team (STIT) (Communities).

**Kayleigh Inman**  
**Senior Finance Manager, Internal Audit.**

**SHEFFIELD CITY COUNCIL  
UPDATED POSITION ON HIGH OPINION AUDIT REPORTS AS AT JANUARY 2016**

**1. Petty Cash Controls (Resources)** (Issued to the audit committee 5.11.2015)

**As at January 2016**

This report was issued to management on the 27.8.15 with the latest agreed implementation date of 31.10.15. Management have provided an updated position and this is reproduced below. In addition, EMT has commissioned a review to challenge the continued use of petty cash to support service delivery.

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position - provided by Finance Manager, Revenues & Benefits and Senior Finance Manager, Resources BP and Contract Manager
1.1	Petty cash reimbursement procedures should be documented and periodically reviewed to ensure they are fit for purpose. Procedures should include all aspects of petty cash reimbursements including but not exclusively, the process of paying out (including identification verification), retention of authorised documents and collation of year end data.	High	Andy Jarvis, Capita Contract Manager  Hayley Dolling, Financial System Support Group	31.10.15  Revised implementation date : 31.3.16	The review of SCC procedure notes is dependent on having cashiers' process notes. These have now been submitted and work will begin assessing how much change is needed.
1.2	The Cashiers service should collate and maintain a list of petty cash floats held for every portfolio throughout the Council, including value, nominated float holder name and Finance Business Partner. The list should also be updated when a float is repaid and no longer used.	High	Andy Jarvis, Contract Manager	30.09.15  Revised implementation date : 31.3.16	Petty cash spreadsheets emailed to SCC 2/11/15. Further meeting with SCC who have advised to send out to all Heads of Service with SIG list and Authorised Signature form to be completed by all portfolios.
1.3	To ensure consistency and completeness the Cashiers service should issue, co-ordinate and collate the year end petty cash returns for all portfolios.	Medium	Andy Jarvis, Contract Manager  Hayley Dolling, Financial System Support Group	31.10.15  Revised implementation date 30.4.16	This has been accepted but will be done as part of the year end process.



1.4	<p>Capita should instigate and co-ordinate a review of petty cash authorisation.</p> <p>An exercise to review and update the electronic lists of the names of the authorised signatures should be undertaken by all services who have a petty cash float to ensure all leavers are deleted.</p> <p>New authorised signature lists should be completed and then submitted to Heads of Service for authorisation.</p> <p>Capita should create new electronic lists of the names of the authorised signatures for every portfolio and file the corresponding authorised signature lists.</p> <p>An email should be issued to all business unit managers to remind them that it is their responsibility to inform Cashiers of any leavers.</p> <p>Cashiers should delete leavers from the list as and when notifications are received.</p> <p>Cashiers should undertake an annual review of the lists.</p>	High	<p>Andy Jarvis, Contract Manager</p> <p>Progress monitored and completion verified by John Squire, Finance Manager, Revenues &amp; Benefits</p>	<p>30.09.15</p> <p>Revised implementation date : 31.3.16</p>	<p>Capita have reviewed existing information relating to budget holders authorised signatories and appropriate heads of service. New proformas for services to complete have been produced.</p> <p>Capita will contact relevant heads of service w/c 23.11.15 in order for new authorised signature lists to be completed and returned and for new electronic list of authorised signatories to be compiled.</p>
1.5	<p>Heads of Service to ensure all authorised signature lists are correctly completed and authorised before submitting them to Cashiers.</p>	2 - High	<p>Relevant Head of Service</p> <p>Hayley Dolling, Financial System Support Group</p>	<p>31.10.15</p> <p>Revised implementation date : 31.3.16</p>	<p>Capita will contact relevant heads of service w/c 23.11.15 in order for new authorised signature lists to be completed and returned and for new electronic list of authorised signatories to be compiled.</p>

## 2. Assisted Cycle Purchase Scheme (Resources) (Issued to the audit committee 5.11.2015)

### As at January 2016

This report was issued to management on the 20.10.15. The headline recommendation was for the assisted cycle purchase scheme to be withdrawn, given that a replacement scheme has already been introduced. Internal Audit has received confirmation from HR Business Partnering that new applications will no longer be accepted, and the scheme has been closed-down. Existing loans issued will be recovered in full through the agreed payment arrangement.

**Internal Audit proposes to remove this item from the tracker report.**

### 3. Outcome planning (corporate review)

#### As at January 2016

**Internal Audit:** The outcome planning review was a corporate review. The report was discussed with the chief executive as well as the appropriate senior officers. It was issued to management on the 03.02.15. It was agreed that the report gave an accurate reflection of the current position. The recommendations were also agreed as a positive way forward. The issues raised were not confined to simple process changes and many of the recommendations required a cultural shift within the organisation. These recommendations will therefore in some instances take a longer period to fully embed. The chief executive has agreed to produce an annual report in June to the audit committee on the progress made in this area. This report will be timetabled into the work plan for the committee. It is therefore not proposed to report on this report in detail as part of these high opinion progress reports.

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

#### As at July 2015

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

#### As at January 2016

An internal audit follow-up review was scheduled for quarter 3 of 2015/16. A new Head of Service (Andrew Wheawall) in Communities was appointed in Oct 2015 and this has led to slippage in the original agreed implementation dates. He provided the following management update.

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position - provided by Andrew Wheawall, Head of Adults Mental Health/Learning Disabilities and Transitions, Communities.
4.1	Service Plans should include clear objectives for the Transitions service, which includes targets to be met for improvement of the service, and timescales and monitoring arrangements for this. Plans should be in line with Corporate and legislative objectives, be consistent within CYPF and Communities, and should be agreed by management from both portfolios.	3 - Medium	Anne Flanagan, Interim Head of LD. Dorne Collinson, Director, Children and Families.	30/06/2014  Revised implementation date : 30/6/2016	Work is planned to address this as part of the joint working arrangements now being put in place.  30/06/2016
4.2	There should be a clear and consistent operational plan in place for the Transitions service which details the objectives of the service, and shows clear pathways for the transition from children's to adult	2 - High	Anne Flanagan, Interim Head of LD.	30/06/2015  Revised implementation date : 30/6/2016	Work is planned to address this as part of the joint working arrangements now being put in place.

	social care. The operational plan should be in line with portfolio service plans, and include details of roles and responsibilities of portfolios and partnerships involved in transitions work, detailed performance targets and timescales and arrangements for monitoring these. Progress against the plan should be monitored and reported to senior management on a regular basis.		Dorne Collinson, Director, Children and Families.		
4.3	Performance monitoring should include specific outcomes for which performance can be measured against; for example number of days it should take to complete an initial assessment against actual time taken. Outcomes should be set by management, monitored at least quarterly and used to inform service improvement and staff training and development. Results of performance monitoring, and any action taken to improve this should be reported to senior management.	2 - High	Anne Flanagan, Interim Head of LD. Dorne Collinson, Director, Children and Families.	30/06/2015 Revised implementation date : 30/6/2016	Work is planned to address this as part of the joint working arrangements now being put in place.
4.4	There should be a risk management plan in place for the Transitions Team which identifies key risks that affect the service and its partners/stakeholders. The plan should be in line with corporate requirements and include actions to be taken to mitigate risks, timescales and monitoring arrangements. The plan should be reviewed for adequacy at least quarterly.	3 - Medium	Anne Flanagan, Interim Head of LD. Dorne Collinson, Director, Children and Families.	30/06/2015 Revised implementation date : 30/6/2016	Work is planned to address this as part of the joint working arrangements now being put in place.
4.5	There should be documented processes and procedures in place which detail the different pathways for service users transitioning to adult social care. This should include roles and responsibilities of each partner and portfolio, how each service interacts with each other and the service user, and timescales for each stage of the process. Procedures should be reviewed by the Transitions Working Group (or similar multi-agency group) to ensure consistency across portfolios. As transitions staff work with children's and adult social care systems, a training and development plan should also be considered to ensure that information is recorded appropriately.	1 - Critical	Anne Flanagan, Interim Head of LD. Dorne Collinson, Director, Children and Families.	30/09/2015 Revised implementation date : 30/6/2016	Work is planned to address this as part of the joint working arrangements now being put in place.

4.6	The service responsible for agreeing costs that are generated from transitions activity should ensure that arrangements for financial management and responsibility are documented and agreed by management. This includes identifying responsible officers, and budget monitoring arrangements.	2 - High	Anne Flanagan, Interim Head of LD. Dorne Collinson, Director, Children and Families.	31/03/2015  Revised implementation date : 30/6/2016	Work is planned to address this as part of the joint working arrangements now being put in place.
4.7	There should be an agreed procedure in place for identifying and monitoring spend on service users with a transitional support plan. This can be used to identify and monitor impact on the adult social care purchasing budget.	2 - High	Anne Flanagan, Interim Head of LD. Dorne Collinson, Director, Children and Families.	31/03/2015  Revised implementation date : 30/6/2016	Work is planned to address this as part of the joint working arrangements now being put in place.
4.8	Transitions management should undertake long-term financial forecasting of service users care needs. This would assist in giving a picture of who is likely to use the transitions service in the future, and aid with financial planning of the service.	2 - High	Anne Flanagan, Interim Head of LD. Dorne Collinson, Director, Children and Families.	30/06/2015  Revised implementation date : 30/6/2016	Work is planned to address this as part of the joint working arrangements now being put in place.
4.9	A communication plan should be developed which identifies key partners and stakeholders and how the service work with them. The plan should identify what meetings take place and how often, officers responsible for communication, and types of communication that take place. The plan should be reviewed periodically to ensure adequacy.	3 - Medium	Anne Flanagan, Interim Head of LD. Dorne Collinson, Director, Children and Families.	30/06/2015  Revised implementation date : 30/6/2016	Work is planned to address this as part of the joint working arrangements now being put in place.
4.10	Results of feedback from service users and other stakeholders should be collated and reported to management. Any actions taken to inform service planning, or staff training and development as a result	2 - High	Anne Flanagan, Interim Head of LD.	30/06/2015  Revised implementation date : 30/6/2016	Work is planned to address this as part of the joint working arrangements now being put in place.

	of feedback should be documented and agreed.		Dorne Collinson, Director, Children and Families.		
4.11	Processes and procedures for recording information for service users transitioning from children's to adult social care should be documented and reviewed by management from both portfolios for adequacy and consistency. It should be ensured that all transitions staff are adequately trained in using Carefirst and Careassess for recording information in both children and adult social care capacities.	2 - High	Anne Flanagan, Interim Head of LD. Dorne Collinson, Director, Children and Families.	30/06/2015  Revised implementation date : 30/6/2016	Work is planned to address this as part of the joint working arrangements now being put in place.

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

<b>As at July 2015</b>
<b>Internal Audit:</b> This report was issued to management on the 07.05.15, with the latest agreed implementation date of 30.09.15. Therefore an update will be provided in the next high opinion update report.

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

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position - provided by External Funding Manager 23.11.15
5.1	It is recommended that where appropriate approval has not been sought for external funding and where there is a lack of clarity with regards to the key funding arrangements (including match funding arrangements), this is clearly detailed and escalated to the relevant Executive Director/Director for information and appropriate action to be taken (where necessary).  The External Team should continue to publicise the	High	Finance Manager, External Funding	Management actions in progress at the time of the discussion meeting. Actions to be confirmed as satisfactory at the time of the follow-up review.	Budget holders requiring grant sign off at a late stage with no grant report are refused and required to produce a report before sign off is undertaken (Communities – Prevent Coordinator grant is an example)  Where necessary, excessive

	<p>process across the Council with periodic updates placed on the intranet.</p>			<p>Revised implementation date 31.3.16 for training to Executive Directors and Directors.</p> <p>Wider roll-out of the presentation to be reviewed in June 2016.</p>	<p>delays in Leader's scheme reports are progressed with appropriate level of management (Example DFE S31 Innovation grant and DCLG S31 Roma Grant)</p> <p>Grant offers still continue to arrive with External Funding requiring a very quick turnaround from funders. External Funding manage to review these ensuring compliance with the Leader's Scheme, but too often it means having to delay/ reschedule planned work to avoid losing a grant offer (example CYPF :Make, Learn, Share EU grant)</p> <p>An External Funding presentation on how the Leader's Scheme works has been developed for Senior Management Training. Sessions had been booked with Place Leadership Team, but were cancelled by Place on two occasions. This training presentation will be promoted more widely in 2016 with External Funding asked to attend a CYPF Managers event in January (the previous presentation request being cancelled by CYPF). Availability of Senior Management Teams is sometimes difficult. The presentation has already been presented to some Finance Business Partner teams and will be promoted across all Finance teams during 2016.</p>
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				<p>Revised implementation date : Cabinet report finalised by 31.1.16.</p>	<p>The External Funding team have worked with Legal to develop and implement proposals to make decision making more efficient and simpler for all parties.</p> <p>Developments in the pipeline are as follows: 1. A new approach of seeking block approval by Cabinet for all established, annually recurrent grants has been adopted. This aims to remove the need for budget holders to produce individual reports every year for the same recurrent grants. Legal and Finance will continue to review every grant offer every year and only require a specific individual report if there are material changes in terms and conditions, risks and or the purpose of the grant.</p>
				<p>Revised implementation date : 31.12.15</p>	<p>2. In agreement with Legal, developing a speedier approval process whereby new non EU grants below £100k can be signed off more efficiently without diminishing Finance and Legal controls. External Funding have set up a register to identify and record breaches of the Leader's Scheme process.</p>
				<p>Revised implementation date : 30.6.16</p>	<p>Intranet updates are under review and are something that External Funding will be looking into during 2016 as part of their process review.</p>

5.2	The lessons learnt from legacy grant funding arrangements should be shared with all relevant staff across the Council. This should be linked to details of proper process and responsibility.	High	Finance Manager, External Funding	Management actions in progress at the time of the discussion meeting. Actions to be confirmed as satisfactory at the time of the follow-up review.	<p>Action complete.</p> <p>External Funding have directed new managers on ERDF projects to managers with experience of ERDF projects for advice and guidance on things such as Audits, records and evidence retention.</p> <p>External Funding have identified ERDF requirements that need to be included as standard agenda items to be discussed at Project Board meetings.</p> <p>The External Funding Team are currently contacting external training providers to see if there are courses available to train SCC employees who are involved in or are new to EU projects including new members of the External Funding Team.</p> <p>Lessons learned/advice given from DCLG about the importance of ERDF record retention and its duration has been communicated to Project managers and Senior Management.</p> <p>External Funding have advised the Integra Implementation team on the electronic storage requirements based on DCLG advice.</p>
5.3	A timescale should be set for the implementation of the use of SharePoint for recording all key grant funding information.	High	Finance Manager, External Funding	September 2015  Revised implementation date :	Resource pressures and workloads have meant that SharePoint is not able to be implemented during 2015/16.



	A review should be taken on legacy arrangements across the Council and how these can potentially be included on SharePoint using a cost benefit analysis to assess the cost of doing this with potential claw back etc.			Resource levels to be reviewed July 2016.	However, there is full commitment to the use of SharePoint and work will commence as and when time, workload pressures and resources allow.
5.4	<p>Going forward, grant claims should not be signed off by any party where there is any doubt regarding the supporting evidence. In the case of any loss of funding, the service area should make a provision for this.</p> <p>A grant authorisation checklist should always be present when a claim is signed off. If this has not been completed, the claim should be sent back to the project manager for completion.</p> <p>Grant claims should be submitted in such a time as to allow for appropriate checking. If a claim is submitted late or with little or no time for appropriate checking; again, the Service should make provision for this. Lack of time cannot be a reason to sign off a claim without the appropriate supporting evidence. Where appropriate, it is the project manager's responsibility to agree a time extension with the funder to allow for verification to take place.</p> <p>Going forward, consideration should be given to whether the External Funding Team should re-charge for their time spent on grant funding claims - if verification and checking work goes beyond the level normally expected.</p>	High	Finance Manager, External Funding	<p>Management actions in progress at the time of the discussion meeting. Actions to be confirmed as satisfactory at the time of the follow-up review.</p> <p>Revised implementation date : September 2016</p> <p>Revised implementation date : 31.12.15</p>	<p>All claims are reviewed and checked first by Finance Business Partner and then by External Funding. The External Funding team will not sign off weak claims and will delay submission where there are significant errors.</p> <p>Where grant submissions do not have the correct documentation or evidence to support the budget holder is informed and the claim is delayed until the requirements are met. Staff turnover and resource levels along with tight funder timescales can mean that claims arrive with very little time to turnaround.</p> <p>As part of the process review External Funding will undertake a review of the grant claim process (during 16/17) with the intention of producing periodic information for Portfolio management about budget holder performance on claims.</p> <p>It is the intention of the External Funding team to recharge for staff time spent on grants work where the grant conditions enable this. A paper is currently being produced for the Director of Finance outlining proposals for this (aiming to be completed by early</p>

					December 2015). Starting from November the External Funding team are intending to ask the question about recharging staff time for every new grant offer arriving.
5.5	In the interests of the Council, Internal Audit recommends that an email is sent to the CCG specifying the conditions under which the Council are operating/will operate until the Memorandum of Understanding is signed off.	High	Finance Manager, External Funding	Note – Compensating Controls  Revised implementation date : 30.4.16	External Funding will liaise with Finance Business Partner and the Portfolio to review these proposals when the next round of Memorandums of Understanding needs to be signed off.
5.6	Going forward, the Bikeability grant claims should be monitored on an ongoing basis and the amounts of surplus retained by the Service remain under review.	Medium	Finance Manager, External Funding	Ongoing – for the term of the funding	Action Complete  Along with the rest of the LSTF funding streams, Bikeability claims are reviewed each month by the External Funding team and any issues are taken up with the service.
5.7	It is recommended that Project Managers charged with managing external funding sign to confirm that they understand their roles and responsibilities in relation to the external funding scheme at the start of the process when they take on their role.  Project Managers who have failed in their duty to administer/manage external funding appropriately should not be permitted to continue in their role until they have received appropriate training. In serious cases, it may be necessary to remove them from managing the external funding schemes completely. Where officers have failed in their duties, this should be reported to the relevant Director/Executive Director (as this is either a capability or a disciplinary issue).	High	Finance Manager, External Funding	September 2015  Revised implementation date : 31.3.16	Clarification and documentation of Project Manager roles is being reviewed as part of External Funding's process reviews and will be developed further over the coming months.  A pilot of a new grant template where the specific roles of each party are more clearly defined has been tested with some Place grants. The results of this will be reviewed and adaptations made to the form where needed prior to wider usage across all Portfolios.  Where there have been problems with the management and

					administration of the grant then External Funding have intervened and advised Project Managers where necessary (e.g. Autism Grant)
5.8	It is recommended that the External Funding Manager prepares a short report on an annual basis for the attention of the Audit Committee. This should identify any areas of concern that have arisen throughout the year in relation to external funding. This will allow the Audit Committee the opportunity to challenge senior management within the areas where concerns have been raised and hopefully, encourage appropriate action to rectify any arising issues.	High	Finance Manager, External Funding	September 2015	Action complete  The External Funding Manager is aware of the key issues, pressures and areas of concern and is able to produce a report to the required timetable as and when requested to do so.
5.9	It is recommended that a notice is included on the grant claim authorisation checklist (which the project manager must sign off) that states that if an officer knowingly completes a claim which contains false information; this can potentially be treated as a fraud matter. It should be stated that it is the manager's responsibility to obtain, read and comply with all the grant conditions. Where they cannot provide this assurance, they should seek advice immediately from the External Funding Team.	2 - High	Finance Manager, External Funding	June 2015  Revised implementation date : 31.3.16	As per item 5.7 the wording of the grant checklist will be adapted once the finalised version of the template is agreed.

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

##### As at July 2015

**Internal Audit:** This report was issued to management on the 16.1.15, with the latest agreed implementation date of 31.3.15. A follow up was undertaken in May 2015 and the results were included on the high opinion tracker report in July 15.

##### As at January 2016

Markets Service management attended the audit committee in September to provide an update on progress implementing the outstanding recommendations. The action is summarised in the table below, with management stating that all actions have been implemented. Members asked that a further update be provided to the committee in 6 months' time (due March 2016).

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position - presented by management to AC (September 2015)
6.1	Staff should have access to copies of the markets business continuity plan. Copies should be held in the main markets office as well as at Crystal Peaks and the Parkway Wholesale Market. Staff should be made aware of where these are located, their contents and intended use. In addition, nominated officers should also retain copies personally to ensure access to the plans at all times (in the event of the offices not being accessible).	Medium	Head of Markets	27.02.15  Revised implementation date 30.06.15	Action complete  <u>Management Position</u> The transfer of Markets patrol staff to Kier was completed on the 1 <sup>st</sup> September and BCP for both the Moor Market and Crystal Peaks Market are held at both sites and by the Markets Manager (Districts), the Assistant Markets Manager (City) and the Markets Maintenance Manager.
6.2	Over and above the need to initiate immediate action for the recovery of the traders' debts (as set out elsewhere in this report), the director of capital & major projects should require the head of markets to explain why the stated policy preventing traders holding outstanding arrears from transferring to the Moor Market was disregarded, particularly as this has resulted in significant arrears being built up by those traders in the new market. Similar explanations should be sought as to why the promise of allowances on the new market was used to offset existing arrears on Castle Market.	High	Head of Markets	30.01.15  Revised implementation date 30.09.15	Action complete  <u>Management Position</u> An investigation has been carried out by The City Centre Manager and Major Events Manager.  <u>Internal Audit Comment</u> This has been reported to Internal Audit separately and demonstrates that action is now being taken to manage the debt.
6.3	The monthly debt recovery meetings should be re-introduced as a means of identifying and initiating recovery action against traders' arrears. Appropriate action should be taken to ensure recovery of rental and service charge arrears from traders. This includes the initiation of prompt recovery action on or after 37 days in line with the corporate recovery process. Markets management should review the arrears position of individual traders in advance of the monthly ICAM meetings to ensure that the meetings are productive and provide clear guidance and instruction on action to be taken.	High	Head of Markets	30.01.15  Revised implementation date: 31.07.15	Action complete  <u>Management Position</u> All old debt has been reviewed with a view to write-off where it has been determined to be uncollectable.  <u>Additional comment from Head of Markets 2.11.15</u> A fortnightly debt meeting has now been set up with

	<p>Markets management should use the notebook facility in OEO (sundry debtors) to set out any payment arrangements, meeting notes, arising from discussions with the traders as a means of enhancing communications with the ICAM team. Traders should be reminded of their contractual obligation under the terms of their tenancy agreements to pay rent and service charges within 1 month of them being invoiced and of the consequences of failing to do so. Consideration should be given to the termination of tenancies where arrears remain outstanding.</p>				<p>representatives from the ICAM Team and Legal to target key debtors which has seen some success, however the difficulty of dealing with market traders should not be underestimated.</p> <p>Several debts have already been written off and more are currently being considered through the above group. Especially where traders have left and searches have found they have no tangible assets.</p> <p><u>Internal Audit Comment</u> Evidence has been provided to support the monitoring of the debt position.</p>
6.4	<p>Management's attention is drawn to the recommendations raised within this report for the re-establishment of debt recovery meetings, the formal monitoring of sundry debtors and initiation of prompt recovery action in line with corporate policy. In addition, consideration should be given to the re-evaluation of the stated risk pending introduction of any agreed action and consideration of escalation of the risk to Place PLT.</p>	High	Head of Markets	31.03.15	<p>Action complete</p> <p><u>Management Position</u> Has been escalated in the Place risk register to PLT level and all accounts if they remain unpaid at the 37 day point are referred to the ICAM Team for further recover action.</p>
6.5	<p>In order to adequately protect the public from the risk of injury or loss as a result of illegal trading, systematic inspection of trader's stalls should be carried out. Inspections should be arranged without the knowledge of the traders so as to maximise the benefit.</p>	Medium	Head of Markets	<p>31.01.15</p> <p>Revised implementation date 31.07.15</p>	<p>Action complete</p> <p><u>Management Position</u> Markets Patrol staff take a more active role in identifying counterfeit, fake, illegal or dangerous goods being sold on trader's stalls in line with the Real Deal Campaign, Sheffield Markets have signed up to. Now that</p>

					<p>these staff are employees of Kier their line manager is going to give them a toolbox talk on what to look for and ask them to sign to say they have received it. Trading Standards are also going to provide a couple of workshops explaining to Markets staff the most obvious thing to look out for in terms of counterfeit, fake, illegal or dangerous goods.</p> <p><u>Additional comment from Head of Markets 2.11.15</u> We still await workshops by Trading Standards whose premise is 'if it looks fake, it probably is'. Staff have been instructed to report anything suspicious to Trading Standard Officers at the earliest opportunity.</p>
6.6	<p>Markets staff should be reminded that they must not accept cheques from traders for the payment of rents and service charges, nor bank them via the markets' cash collection and banking arrangements. Traders attempting to do so should be reminded of the appropriate payment arrangements (including cross-referencing to the respective invoices). Under no circumstances should staff accept post-dated cheques. Debt recovery and payment arrangements entered in to between markets management and individual traders should be formally documented in the OEO notebook facility and discussed with the ICAM Team at the monthly debt management meetings. Markets staff should monitor on a monthly basis to ensure that traders continue to make payment in line with the agreement and initiate recovery action where traders lapse from it. Management should reconcile payments made by</p>	High	Head of Markets	<p>31.01.15</p> <p>Revised implementation date 31.07.15</p>	<p>Action complete</p> <p><u>Additional comment from Head of Markets 2.11.15</u> Staff have been instructed not to accept cheques or cash except where it goes via the MACCS system or chip and pin for the temporary barrows/spaces around the markets or where organisers are paying for a temporary market licence in advance. Cash is still accepted from the outdoor markets but once Capita is able to provide us a suitable wireless chip and pin machine we will aim to collect as much of these fees via card payment as possible.</p>

	<p>the trader in question to determine an accurate arrears position. That trader should then be placed on a formal or structured repayment schedule to address those arrears. All temporary lettings should be documented in formal temporary lettings agreements, clearly setting out the letting period and charges due. This should form the basis for the raising of the monthly accounts. Under no circumstances should informal, undocumented temporary lettings be accepted.</p>				<p>All contact with traders regarding debt is put on OEO straight away to ensure colleagues in the ICAM Team are aware of the latest position. All temporary lettings are recorded and the fees due collected via the MACCS System. Chip and Pin or an account is raised.</p>
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**Internal Audit proposes to remove this item from the tracker report.**

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

**As at July 2015**

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

**As at January 2016**

Internal audit carried out a follow-up review in September 15. The results of this review are included in the table below, all recommendations had been adequately addressed.

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position after Internal Audit follow-up work
7.1	<p>Corrections to the errors currently in the policy dated August 2013 (paragraphs 8.6 &amp; 5.6) should also be made. The blue badge policy dated August 2013 should replace the November 2011 version on the council's website.</p>	Medium	Mark Holmes / Linda Lawson	28.02.15	<p>Updated policy on internet.  Data sharing notice in new application.  <b>Action Completed</b></p>

7.2	Management should ensure that the current assessment process is documented and available to all relevant staff	High	Mark Holmes / Linda Lawson	31.03.15	There is a new assessment matrix on Lagan with guidance notes / instructions for staff at each stage.  <b>Action Completed</b>
7.3	Management need to investigate viable options for the assessment process, determine the most appropriate for the applicant and council and ensure that there is sufficient training and documented guidance for the relevant staff.	Critical	Mark Holmes / Linda Lawson	28.02.15	New Blue Badge application (paper and online) and new matrix, with guidance / instructions for staff, introduced in August 2015.  Matrix is consistent with Department for Transport guidance and input received from Physiotherapists involved in the assessments.  <b>Action Completed</b>
7.4	Management should consider what information is available to assist in monitoring productivity and develop a quality check to enable meaningful feedback is provided to staff.	Medium	Mark Holmes / Linda Lawson	30.04.15  Revised implementation date 30.06.15	A Quality Monitoring programme has been introduced in line with the current programme in Customer Services at the beginning of September 2015.  Physiotherapists are scheduled to review a sample of decisions and provide feedback on an ongoing basis.  Productivity monitoring is in development and work with the Performance and Review team to address accuracy of productivity reports is ongoing.  <b>Action Completed</b>

**Internal Audit proposes to remove this item from the tracker report.**



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

**As at July 2015**

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

**As at January 2016**

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

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Update provided from Gillian Duckworth, Interim Director of Legal & Governance As at 12.11.15
8.1	<p>Individual service managers should be required to carry out an annual refresh of the data bases as part of each year's AGS process. This requirement should be incorporated in to the AGS Guidance issued by the interim director of Legal &amp; Governance.</p> <p>This will ensure that the data bases remain contemporaneous in relation to current legislation, organisational structure and the appropriate assignment of lead officer responsibilities and can be used as the basis for the corporate-based confirmation processes raised at finding 3.1 in this report.</p>	Medium	<p>Interim Director of Legal &amp; Governance</p> <p>(Initially - with individual directors subsequently picking up responsibility for their own registers).</p>	<p>31.03.15</p> <p>Revised implementation date 31.03.16</p>	<p>Since the last update further work has been commissioned from BCIS to provide the Statutory Responsibilities Registers on SharePoint similar to the Risk Registers (previous SharePoint presence was only an Excel document).</p> <p>This work is still in progress (not all responsibilities have been allocated to specific services yet just Portfolios) and therefore there has not been any Council wide interaction with departments in relation to this.</p> <p>A pilot is now in progress in the Governance team providing advice to Place regarding statutory responsibilities in two discrete areas which will inform how we further progress this so that all services have an up to date Register by 31 March 2016.</p> <p>Therefore work is still ongoing to meet the 2015/16 timetable.</p>

8.2	<p>The interim director of Legal &amp; Governance should take forward the agreed actions from the deputy chief executive's original report and work with individual executive directors to ensure their implementation. In doing so, however, internal audit further recommends that guidance should be issued by the director of Legal &amp; Governance as to:</p> <ul style="list-style-type: none"> <li>• The levels of assurance required by portfolio management from the respective lead officers;</li> <li>• The consideration of statutory responsibilities as part of the service business planning process, budget setting and performance monitoring procedures across all portfolios;</li> <li>• The systematic risk review of all statutory responsibilities to determine the potential impacts of non-compliance (particularly where statutory responsibilities are delivered externally to the service) and their inclusion on service risk management plans where considered significant. Consideration should then be given to the escalation of significant risks as and where necessary.</li> </ul>	High	Interim Director of Legal & Governance	<p>31.03.15</p> <p>Revised implementation date 31.03.16</p>	<p>Action at 8.1.</p> <p>This work is ongoing to meet the 2015/16 AGS timetable – delayed due to SharePoint progress and to be informed by pilot with Place.</p>
8.3	<p>Internal Audit recommends that the interim director of Legal &amp; Governance puts in place arrangements for portfolios to undertake an annual review of compliance with statutory responsibilities and its incorporation in to the existing AGS schedule as a means of stream lining the process and providing cohesive coverage. Further recommendations relating to how the two processes may be combined are made at 6.8</p>	Medium	Interim Director of Legal & Governance	31.03.15	Completed
8.4	<p>Up to date and accurate registers of statutory responsibility should be maintained at portfolio and service level ensuring that all relevant responsibilities have been identified and assigned. These should then be used as the foundation for monitoring compliance.</p> <p>The registers should be updated to account for new legislation and be reviewed on an annual basis to ensure that they remain up to date (ideally in</p>	High	<p>All Executive Directors</p> <p>Initial agreement with Interim Director of Legal &amp; Governance with individual directors subsequently</p>	<p>31.03.15</p> <p>Revised implementation date 31.03.16</p>	<p>Part of process outlined at 8.2.</p> <p>This work is ongoing to meet the 15/16 AGS timetable.</p>

	conjunction with the service business planning process).		picking up responsibility for their own registers.		
8.5	<p>Corporate service business planning guidance should be revised so as to explicitly require business plans to outline the range of statutory responsibilities anticipated to impact on resource allocation, as well as the actual allocation of resources in ensuring compliance.</p> <p>Business plans should be used to set out management's strategies in addressing its statutory responsibilities including the risks and impact of planned partial or non-compliance.</p> <p>Directors should ensure that all statutory responsibilities have been accounted for before signing-off individual business plans (with reference to the registers of statutory responsibility set out at 8.4</p>	High	Director of Policy, Performance and Communications	31.03.15	<p>Director of Policy, Performance and Communications response as at 09.04.15</p> <p>Action completed - as statutory responsibilities are included in the service planning guidance, which will be issued shortly.</p>
8.6	Having established registers of statutory responsibility, directors should ensure that these are considered as part of the monthly governance arrangements. Compliance with statutory responsibilities should be incorporated in to the framework of governance meetings covering service managers, heads of service and their respective directors	High	All executive directors	<p>31.03.15</p> <p>Revised implementation date 31.03.16</p>	<p>To form part of guidance detailed at 8.2 above.</p> <p>This work is ongoing to meet the 15/16 AGS timetable.</p>
8.7	<p>All portfolios and services should monitor compliance with statutory responsibilities in the context of staff changes and reduced funding levels. This should incorporate:</p> <ul style="list-style-type: none"> <li>• As part of the annual service business planning process, identifying the service costs required to ensure compliance;</li> <li>• The consideration of alternative strategies for delivering compliance;</li> <li>• The use of appropriate performance indicators where applicable to aid monitoring; &amp;</li> <li>• Incorporation of compliance monitoring in to the</li> </ul>	High	All executive directors	<p>31.03.15</p> <p>Revised implementation date 31.03.16</p>	<p>To form part of guidance detailed at 8.2 above.</p> <p>This work is ongoing to meet the 15/16 AGS timetable to be informed by pilot with Place.</p>

	monthly governance framework; Over and above this, executive directors should report to EMT annually at the culmination of the service business planning process, setting out the impact of reduced resources on compliance with statutory responsibilities.				
8.8	<p>Guidance for the completion of the 2014/15 AGS should be more explicit in requiring service managers to declare all issues of non-compliance with statutory responsibilities.</p> <p>Service managers should be required to include in the declaration details of any risk/impact assessment and mitigation strategies as a means of evaluating the significance of the non-compliance. This is particularly pertinent where the AGS is to be used as the platform for the annual monitoring of compliance with statutory responsibilities.</p> <p>The AGS guidance package should require the submission of registers of statutory responsibility to the director of Legal &amp; Governance. These should be signed-off where appropriate by the relevant service manager and director as formal confirmation of compliance, or cross-reference to the appropriate declaration in the service AGS.</p> <p>This will enable the director of Legal &amp; Governance to provide EMT with an annual report on compliance with statutory responsibilities when reporting on AGS.</p>	High	Interim Director of Legal & Governance	31.03.15  Revised implementation date part 30.09.15 and fully 31.03.16	Moving Statutory Responsibilities Register onto SharePoint has delayed this work but still on course to have up to date Service Registers by 31.3.16 Therefore this work is ongoing to meet the 2015/16 AGS timetable

**9. Waste Management Contract (Place).** (Issued to the audit committee 15.08.14).

**As at January 2015**

**Internal Audit:** This report was issued to management on the 04.06.14, with the latest agreed implementation date of 31.03.15. Therefore an update will be provided in the next high opinion update report.

**As at July 2015**

Internal Audit undertook a follow up review in February 2015, the results are reproduced below.

**As at January 2016**

An update on progress implementing the actions outstanding at July was requested from management. 3 recommendations were outstanding and management have now confirmed that 2 have been actioned (evidence to support this was provided to internal audit) and implementation of the final recommendation is expected by the end of April 2016. The detailed response is reproduced below:

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position provided by Head of Waste Management 23.11.15
9.1	Management should monitor the situation to ensure that the financial records are provided by the deadline date and in the prescribed format, so as to enable their review by the project finance team. Management should work towards the resolution of the contractual disputes and the identification of the business improvement plan savings.	Critical	Head of Waste Management & Senior Commercial Manager	31.12.14 Revised implementation date 31.08.15	Action complete  Accounts provided as per contract schedule. Project Finance undertaking review and challenge with Veolia.  <u>Evidence</u> Evidence of review by Project Finance provided. Dispute resolution process evidenced.
9.2	Both partners should consider all options in relation to lifecycle maintenance accounts. The assistant director of finance (project & commercial) should be included in any discussions and consulted on the decisions taken regarding these funds. Any decisions taken should be formally documented and ratified by both parties.	High	Head of Waste Management & Senior Commercial Manager	31.03.15 Revised implementation date 30.04.16	Action partly complete  Contract drafting to reflect agreed change be added to future supplemental agreement.  Access fobs for bank accounts outstanding.  <u>Evidence</u> Evidence of contract amendments provided.
9.3	Management should work towards the resolution of the outstanding contractual disputes with the contractor. Deadlines should be set to provide structure and the means of measuring progress towards resolution.	Critical	Head of Waste Management	31.12.14 Revised implementation date 31.08.15	Action completed  We continue to have a number of disputes with Veolia. They range from ongoing interpretations of income sharing clauses to more recent

					<p>performance deductions which the Council has applied and Veolia do not agree with. All of these are however now in the Dispute Resolution Process. The next meeting is scheduled 1.12.15.</p> <p><u>Evidence</u> Schedule of disputes for discussion at next Dispute Resolution meeting provided.</p>
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**10. School Attendance - Multi Agency Support Teams (MAST) (CYPF).** (Issued to the audit committee 22.08.14).

<b>As at January 2015</b>
<b>Internal Audit:</b> This report was issued to management on the 11.08.14, with the latest agreed implementation date of 31.12.14.

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

<b>As at January 2016</b>
The sampled schools have not been contacted again for an updated position. With all agreed recommendations, the onus is on the headteacher and governing body to ensure adequate control processes are in operation, and as such internal audit have agreed that significant follow-up work in schools will not be undertaken. The recommendations assigned to SCC officers have been followed-up and the responses are reproduced below.

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position – provided by Assistant Service Manager.
10.1	A consistent approach across all schools is required. MAST need to review the guidance in relation to the term time holiday process, ensuring no ambiguity, and that guidance is not open to interpretation by schools	High	Assistant Service Manager	31.12.14	Action Complete  Comments from Marie McGreavy – Assistant Service Manager: Code of Conduct was revised in collaboration with schools.

				Revised implementation date: 25/02/2015	<p>Guidance for schools on term time holiday penalty notices is revised and issued.</p> <p>Both documents shared on School Point. Guidance shared through forums and by email to schools.</p> <p>Audit Comment: Documentation provided to support the above.</p>
10.2	Targets should be set by the schools for both 'attendance overall' and 'persistent absences', and there should be regular monitoring/ reporting of both of these targets by individual schools and the city area. Intervention work and resources should be allocated to the areas of greatest need and particularly focused on areas with higher than average 'persistent absence rates' as these are areas that could have a greater impact on attainment results.	Medium	Head Teacher or Business Manager at each school sampled & Assistant Service Manager	31.12.14	<p>Action Completed.</p> <p>Comments from Marie McGreavy – Assistant Service Manager:</p> <p>Schools are no longer required to set targets for attendance. However targets are set for the city which is reviewed annually.</p> <p>Resources have been targeted on:</p> <ul style="list-style-type: none"> <li>• The schools with the highest % of persistent absences requiring support.</li> <li>• Individual students with high levels of persistent absences.</li> </ul>
10.3	In addition, a checklist should be produced for schools to follow in relation to the key roles and duties regarding the attendance strategy, term time holiday leave policy, etc. It is recommended that this checklist is put on Schoolpoint. Finally, the areas of weakness identified within this report should be checked to the areas covered during a routine MAST "audit" to ensure adequate and full coverage.	Medium	Assistant Service Manager	31.12.14	<p>Action Completed</p> <p>Comments from Marie McGreavy – Assistant Service Manager:</p> <p>See 9.1 above. The guidance documents provide the relevant information in a clear format which gives more information and clarity than could be gained from a checklist.</p>
				Revised implementation date: 31.05.15	

10.4	A formal attendance strategy group should be established now the attendance strategy has been in place since January 2013. The attendance strategy group meetings should also be minuted and one of its first tasks should be to carry out a review of the attendance strategy, which should then be reviewed and updated annually.	Medium	Service Manager	30.09.14  Revised implementation date: 31.05.15	<p>Action Complete</p> <p>Comments from Diane Dewick - Service Manager:</p> <p>The attendance strategy has been reviewed with schools and has been agreed with Inclusion and Learning Service and EI&amp;P SLT and PLT. The Strategy is awaiting agreement and approval from Cabinet members.</p> <p>An Attendance Partnership Group has begun with the first meeting on 13/10/15. Sub groups have been developed to focus on key issues. The first sub groups are booked to take place in early December.</p> <p>Audit Comment: Minutes for the Attendance Partnership Group and terms of reference for the group were provided to Internal Audit.</p>
10.5	If parenting contracts and parenting orders are not issued in Sheffield then this should be reflected in the attendance guidance, policy and reports that SCC issue. Alternatively if these powers are to be utilised, MAST need to ensure all relevant parties understand the purpose/ use of parenting contracts and orders, and when/ how these may be issued.	High	Assistant Service Manager	31.03.15	<p>Action Completed</p> <p>Comments from Marie McGreavy – Assistant Service Manager: School attendance orders (SAO) are used as part of HHE process. The first SAO are being prepared for court. SAO are being investigated for use with CME cases. The ESO process has been clarified. The first education supervision orders have been identified and the process begun.</p>



					Parenting orders and contracts remain within the attendance strategy because they are available and quite possible steps that school (Contracts) or the courts and SCC (orders) could issue. It is not to say that they will be used but they must remain within the guidance.
School Specific Recommendations					
10.6	In line with the good practice guidance stated within the attendance strategy, dated Jan 2013. Every school should have a designated member from SMT as an attendance lead and a member of the governing body who takes responsibility for attendance, and who is willing to play an active role in the improvement of attendance at the school	Medium	Head Teacher or Business Manager at each school sampled	31.12.14  Revised implementation date: 31.05.15	Action Outstanding  <u>Audit Comment:</u> 5 schools were contacted for a response: • 1 school provided assurance that the recommendation had been implemented. • 1 school is actioning the recommendation. • 3 schools did not provide any assurance that the recommendation had been implemented.  No evidence was provided to support the statements.
10.7	Good governance should be adopted within all schools, with clear in depth reports on attendance being presented to the schools SMT, the governing body and the attendance team. The MAST should also have a follow up process in place for 'missing' reports.	Efficiency/ Effectiveness	Head Teacher or Business Manager at each school sampled	31.12.14  Revised implementation date: 31.05.15	Action Outstanding  <u>Audit Comment:</u> Only 6/12 schools provided a response to internal audit stating this recommendation has been actioned. Please note: The 2 <sup>nd</sup> part of this recommendation - relating to MAST was not followed up as it wasn't agreed.
10.8	All meetings that discuss attendance should be formalised, recorded in the form of meeting minutes and then retained for inspection. This will further	Medium	Head Teacher or Business Manager at	31.12.14  Revised implementation date:	Action Outstanding  <u>Audit Comment:</u>

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

10.12	All schools should have an up-to-date term time holiday leave policy that follows guidance produced by MAST or include as part of the school attendance policy. This policy should be ratified by the school's governors, cascaded throughout the school and made available on the schools website, i.e. for parents to view.	High	Head Teacher or Business Manager at each school sampled	31.12.14  Revised implementation date: 31.05.15	Action Outstanding  <u>Audit Comment:</u> 9 schools were contacted for a response: • 5 schools provided assurance that the recommendation had been implemented. • 4 schools did not provide any assurance that the recommendation had been implemented.  No evidence was provided to support the statements.
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**Internal Audit proposes to remove this item from the tracker report.**

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

**As at January 2015**

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

**As at July 2015**

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

**As at January 2016**

An updated position was requested from the new Head of Access and Prevention:

The original audit was undertaken approx. 2 years ago, and considered STIT's role as part of the Active Recovery service. This was prior to the Integrated Commissioning programme which will likely change the role of STIT in Active Recovery and will require further revision and development of new SLA's etc. going forward. This work will therefore supersede the actions in the report.

Internal Audit is scheduled to undertake further audit work in this area and so proposes to review new working arrangements as part of future audits.

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position following Internal Audit follow-up in May 2015.
11.1	Arrangements should be clearly defined to ensure that the objectives for the active recovery (AR) function are formally established and periodically reviewed to ensure that it continues to reflect the ambitions of Right First Time, the local authority and Health	High	Head of Care & Support & Senior Service Manager	31.03.15  Revised implementation date: 30.09.15	Action outstanding  Internal audit were provided with evidence that demonstrated a vision for AR, a governance structure, and operational management controls in place. However there was no single, formalised strategic document to govern the AR function.  This needs to be achieved as part of the implementation of the BCF intermediate care workstream.
11.2	A formal operational plan should be defined and set in place that documents how management will manage active recovery.	High	Head of Care & Support & Senior Service Manager	30.06.14  Revised implementation date 30.09.15	Action outstanding  Management stated that AR consisted of 2 organisations that each had clear operational plans that contained agreed service levels, and performance targets. Management of these is via the operational management group (OMG) and via Right First Time.  <u>Internal Audit opinion</u> No single operational plan was in place, as originally envisaged, for the delivery of AR.  This needs to be achieved as part of the BCF intermediate care workstream.
11.3	Management should ensure that: - the service delivery expectations from both SCC and Health should be formally defined and agreed	Critical	Head of Care & Support & Senior Service	30.06.14	Action partly completed  An active recovery action plan

	(including the basis/criteria for Health's funding of STIT); - formal targets, monitoring and reporting arrangements should be formally defined and implemented as soon as possible		Manager	Revised implementation date: 30.09.15	was provided as evidence of how service delivery expectations were being defined, however these were dated Nov 2013 – Mar 2014. Further evidence was provided to outline actual monitoring and reporting, and again these were dated for autumn 2014.  Internal audit acknowledge that reporting appears to have been occurring, however there is still a requirement for some form of strategic documentation that outlines the required/agreed monitoring and reporting of AR delivery.
11.4	Service level expectations between Health and SCC for the delivery of the AR function should be formally defined and agreed. Arrangements for the periodic review of service level arrangements should be defined and all amendments fully documented.	High	Head of Care & Support & Senior Service Manager	30.06.14  Revised implementation date: 30.09.15	Action outstanding  Management stated that memoranda of agreement were submitted and that finance was working on the agreements for the next year.  Additionally it was stated that work was ongoing on this basis and to agree a joint AR dashboard.
11.6	A business continuity plan should be defined that includes the STIT's responsibilities regarding AR. Arrangements should be put in place to ensure that the business continuity plan is reviewed, staff are made aware and the plan is tested at least annually	Medium	Head of Care & Support & Senior Service Manager	15.05.14  Revised implementation date: 30/09/2015	Action partly completed  Internal audit noted that BCPs were in place for STIT South and STIT North. STIT North's plan was still current – being up for review in June 2015, however STIT South was out of date.

					Management should address this, and ensure an updated plan is put in place.
11.7	The terms of reference for the OMG should be reviewed, revised and finalised to include the criteria defined in the finding. Management should take step to find a suitable replacement SCC representative for the Right First Time Group at the earliest opportunity.	High	Head of Care & Support & Senior Service Manager	15.05.14  Revised implementation date: 30/05/2015	Action partly completed.  Internal audit were provided with the TOR for the OMG that had been updated and supplied following the original audit testing. These were more detailed, however were still to be finalised (ie: they were still annotated 'draft'). It was stated in an email that they had been formally signed off; however no final version was available to review.  <u>Internal Audit Opinion:</u> Whilst the TOR were found to contain more detail, they still needed to be signed off and this recorded.
11.8	Formal arrangements regarding the management of Active Recovery's risks should be clearly defined and documented. Arrangements should include: - overall responsibility for the risk management; - responsibility for maintaining the risk register/risk management plan - responsibility for reviewing the risk register/management plan and defining mitigating actions; - an escalation process	Medium	Head of Care & Support & Senior Service Manager	31.08.14	Action partly completed.  Internal audit reviewed risk logs dated June, July and August 2014. In addition, as stated above the ToR did cover risk management responsibility but this was still in draft.  See 11.7 above.
11.9	Management should ensure that arrangements are in place and adhered to. Ensuring that the AR risk log and the individual risks reported are formally reviewed and updated in line with defined timescales.	Medium	Head of Care & Support	31.08.14	Action outstanding  See 11.8 above.
11.10	A formal service level agreement (SLA) should be produced that clearly defines the services that Health	High	Head of Care & Support	15.05.14	Action outstanding.

<p>are funding and how much they will pay. The SLA should also include:</p> <ul style="list-style-type: none"> <li>- the period or duration of agreement;</li> <li>- arrangements for reviewing and amending service delivery and charges;</li> <li>- how service provision will be reviewed;</li> <li>- when and how payment will be received.</li> </ul> <p>The SLA should be formally signed off by appropriate senior management representatives from both authorities and copies of the signed agreements should be retained by appropriate officers from both authorities.</p> <p>All requests to amend the details of the agreements should be raised and recorded formally and all revisions of the agreement should be demonstrated by the appropriate responsible officers from both authorities signing up to the new arrangements. All versions of the SLA should be clearly version controlled to ensure that the latest version can easily be identified.</p>			<p>Revised implementation date 30/09/2015</p>	<p>Management stated that this is now part of the BCF and the pooled arrangements. At the time of the follow up, finance were working on the agreements for 16/17. Historical funding has been confirmed for 2015/16.</p> <p><u>Audit Comment</u> It is acknowledged that AR will form part of the BCF going forward and as stated earlier, memoranda of agreement were reviewed, however there was no SLA in place regarding this.</p>
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**Internal Audit proposes to remove this item from the tracker report.**

**12. Car Parking Services (Place).** (Issued to the audit committee 23.09.14).

**As at January 2015**

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

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

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

**As at July 2015**

Progress against the remaining outstanding actions was reported to the committee.

**As at January 2016**

A management update has been provided for the 3 outstanding recommendation, these are included below:

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position - provided by
12.6	Consideration should be given to whether restricted authorisation levels should be incorporated in to the parking gateway system for cancellation of penalty charge notices (PCN). Alternatively consideration should be given to the potential for management to review a daily log of cancellations processed to confirm legitimacy and correct application of the enforcement policy.	Medium	TT&PS Business Manager	<p>31.10.14</p> <p>Revised implementation date 31.12.14</p> <p>Revised implementation date 31.07.15</p>	<p>Action Outstanding.</p> <p><b>Update November 2015:</b> Currently on average the service processes 673 PCN cancellations per month. The service have carried out research on levels of PCN cancellation checking employed by other Core City local authorities and a discussion with Internal Audit is to be scheduled to discuss the findings and agree a reasonable level of checking which can be factored into the services resource requirements in the new structure.</p> <p>The benchmarking data from other Core City Authorities on cancellation checking levels (supplied) show that levels of checking vary between one or two monthly per officer (Bristol), up to 5%. (for experienced staff in Newcastle).</p> <p>Parking Services already demonstrably check up to 10 cancellations per officer (evidence has been supplied) which broadly equates to up to 10% of cancellations being already checked (average 673 per month with 7FTE processing staff).</p>



					Managers continue with the monthly quality checks (of which cancellations are only one part) and these are discussed with the member of staff in monthly 1:1 meetings. No suggestion of any fraudulent activity has been detected to date.
12.7	A systematic monthly review of PCN cancellations should be carried out. Information to facilitate such reviews should be requested from the management system provider.	Medium	TT&PS Business Manager	31.10.14  Revised implementation date 31.12.14	Action complete  <b>Update November 2015:</b> The custom report module has now been added to the back office reporting system, so managers are able to run more detailed reports to look for commonalities / patterns within PCN cancelations.
12.9	Regeneration and development services management should review the levels of overtime claimed.	High	TT&PS Business Manager	30.09.13  Revised implementation date 31.12.14  Revised implementation date 31.07.15	Action complete  <b>Update November 2015:</b> Monthly financial reports are provided to the Director illustrating the budget position for all business units in Parking services. Periodic reports are provided on overtime usage, which now include a table illustrating overtime usage for each team within parking services for each month of the current financial year, so that trends can be noted. Commentary on the use of overtime is included. All overtime is correctly incurred and productivity of staff working overtime is checked. Managers check and challenge claims being made to ensure corporate requirements are met.

					<u>Audit Comment</u> Evidence to support financial reporting and overtime monitoring submitted.
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**13. Schools, using independent payroll services (CYPF).** (Issued to the audit committee 22.04.14).

**As at January 2015**

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

**As at June 2015**

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

**As at Jan 2016**

Given the agreed revised approach, the sampled schools have not been contacted again for an updated position. The recommendations assigned to SCC officers have been followed-up and the responses are reproduced below.

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position from Assistant Commercial Director (finding 13.10)
13.1	All payroll / HR provider decisions that are made on behalf of the school should be discussed and agreed by the governing body or designated subcommittee. Only then can the level of challenge be demonstrated and the true transparency of the decision becomes clear. The head teacher and governing body needs to ensure that decisions made are based on supporting evidence / documentation.	High	Head Teacher/Business Manager at each school sampled	To be actioned at the next selection process  Revised implementation date 31.03.15	Action Outstanding.  See comment at 13.3
	Schools should be encouraged to have open dialogue with each other and establish the decision making processes that has been adopted at each school in relation to their payroll / HR provider. Therefore, best practice can be shared and ultimately value for money may be achieved. The HR Service	Medium	HR Service Manager (Schools Statutory and Strategic HR Service), Head	To be actioned at the next selection process	Action Completed  A paragraph on procurement has been added to the HR Guidance booklet. IA reviewed this.

	Manager (Schools Statutory and Strategic HR Service) should encourage this practice.		Teacher/Business Manager at each school sampled.		
13.2	The HR Service Manager (Schools Statutory and Strategic HR Service) should produce and provide some guidance in this area and facilitate sharing best practice between schools that promotes VFM. Furthermore, encourage schools to negotiate "block" discounted charges for schools in partnership.	Medium	HR Service Manager (Schools Statutory and Strategic HR Service).  Assistant Commercial Director, Commercial Services.	30.09.14  Revised implementation date of 31.03.16	Action Complete  No longer have a dedicated HR Service Manager for schools. Commercial Services have produced some guidance on procurement to be published on School Point.  Audit comment Guidance notes produced by Commercial Services were provided to internal audit.
School Specific Recommendations					
13.3	Risk management plans should be completed, assessed and regularly amended / updated. The plan should contain sufficient detail, have consistent and complete data, feature a responsible officer, have appropriate timeframes for action / update and record a review date.	Medium	Head Teacher/Business Manager at each school sampled	30.06.14  Revised implementation date 31.03.15	Action Outstanding.  The 5 LA schools (2 schools now academy) did not provide an updated position, or evidence of any assurance that the recommendations had been implemented.
13.4	A business continuity plan should be documented and communicated to appropriate personnel. This should outline key parts of the payroll function and how they will be delivered or continued in the event of any disruption. A risk assessment should be undertaken on such events and form the basis of the plan.	Medium	Head Teacher/Business Manager at each school sampled	30.06.14  Revised implementation date 31.03.15	Action Outstanding.  See comment at 13.3
13.5	An accreditation system for independent providers of payroll / HR services should be developed, implemented and subsequently evaluated. This should include financial checks and controls in place to monitor these companies after they receive funds from the school.	High	Head Teacher/Business Manager at each school sampled	30.06.14  Revised implementation date 31.03.15	Action Outstanding.  See comment at 13.3

13.6	<p>A suite of performance measures and targets should be developed by schools to ensure that they are sufficiently performance managed and meeting the required standards. Schools should benchmark with each other, identify targets set and how they monitor their respective providers. The HR Service Manager (Schools Statutory and Strategic HR Service) should also be contacted for advice and guidance on performance targets and monitoring.</p> <p>A performance report / briefing document should be produced and presented to the governing body or designated subcommittee at the school to summarise the performance of the payroll provider. This performance report is also considered beneficial for in house payroll / HR arrangements.</p>	Medium	Head Teacher/Business Manager at each school sampled	30.06.14 Revised implementation date 31.03.15	Action Outstanding. See comment at 13.3
13.7	When services such as payroll or HR are procured, schools should ensure that the correct tendering process is followed, i.e. quotes are obtained, the market is tested and a robust selection process is used. The savings that can be made, via testing the market, need to be explored and could assist the schools financial position in challenging times ahead.	High	Head Teacher/Business Manager at each school sampled	30.06.14 Revised implementation date 31.03.15	Action Outstanding. See comment at 13.3
13.8	Schools should consider, document and review potential fraud risks that may arise in relation to the payroll / HR functions, and in particular when an independent provider has been appointed. There should be an understanding of counter fraud arrangements and what actions to take in the event of a fraud arising.	Medium	Head Teacher/Business Manager at each school sampled	30.06.14 Revised implementation date 31.03.15	Action Outstanding. See comment at 13.3
13.9	A signed agreement / contract should be held at the school for all payroll / HR services procured. The agreement should contain adequate detail, i.e. what is expected from both parties, performance measures, the pricing mechanism and security of data / policy.	High	Head Teacher/Business Manager at each school sampled	30.06.14 Revised implementation date 31.03.15	Action Outstanding. See comment at 13.3
13.10	Providers should be regularly challenged to ensure that the price charged and service received is maximised to benefit the school. Negotiations should occur at least annually to ensure that the services	Medium	Head Teacher/Business Manager at each school	30.06.14 Revised implementation date	Action Outstanding. See comment at 13.3

	purchased are commensurate with the schools' needs.		sampled	31.03.15	
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**Internal Audit proposes to remove this item from the tracker report.**

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

**As at 25<sup>th</sup> November 2014**

**Internal Audit:** This report was issued to management on the 19.03.14, with the latest agreed implementation date of 30.09.14. The Director of Regeneration and Development Services, Dave Caulfield, provided an updated position against the recommendations and this is provided below.

Additionally, he wished it to be recorded that a firm of consultants, Turner & Townsend, were appointed by Sheffield City Council in August 2014 to undertake a review of the council's approach to delivering its non-core transport capital programme (i.e. excluding the Streets Ahead PFI capital maintenance programme). This end to end review has just reported and a full change programme will be implemented over the next 6 months including picking up some early wins in the first three months. The remaining outstanding internal audit recommendations will be captured as part of implementing the change programme.

**As at March 2015**

A follow up audit was undertaken in March 2015. Internal audit was concerned that adequate progress had not been made against the original recommendations. The majority of the outstanding recommendations relate to the on-going change programme resulting from the independent review of the delivery of highways schemes. However, it should be noted that over and above this the following recommendations remained outstanding:

- The analysis of available and allocated funding,
- Forward programme capital approvals,
- The block procurement strategy and contract waiver and
- "Tracker" reporting to Commercial Services

Revised deadlines have been agreed with transport, traffic and parking services (TTPS) management for those outstanding recommendations.

Internal Audit met with the assistant director of finance on 14.05.15 to get a finance view. With regard to action no 14.3, it was stated that funding had been secured for the 15/16 projects but only after the intervention of finance.

**As at Jan 2016**

A management update has been provided for the 9 outstanding recommendations from the last report. Management stated that 6 had been actioned and evidence to support this was provided to internal audit. 3 actions are ongoing and are due for completion by the end of the financial year. The management update is included below:

Ref	Recommendation	Priority	Original Responsible Officer	Original Implementation Date	Updated position from Head of TT&PS 2.12.15
14.1	TT&PS management should apply the Q number	High	Head of TT&PS	31.05.14	Action Completed

	<p>process, ensuring that known (unallocated) capital funding levels are accounted for from the outset of the financial year.</p> <p>Management should work with the south Yorkshire LTP partnership body to ensure that capital funding allocations are identified and approved in advance of each financial year and thus are able to be accounted for through the Q number and capital approval form (CAF) processes in a timely manner.</p> <p>Project managers should receive training or be reminded of their responsibilities under the capital approvals process.</p>			<p>Revised implementation date 30.09.15</p>	<p>Manager update: The Transport Capital programme was presented to the GP2L Programme Board in May 2015. The CAFs were approved by CPG over subsequent meetings.</p> <p>Training about using the capital gateways process has been undertaken by most of the project managers, learnings from this have been cascaded down to the remainder. PM roles are being reviewed as part of the change programme.</p> <p><u>Internal Audit comment</u> Report to the programme board provided. Evidence of staff training provided.</p>
14.2	<p>The link between the various funding sources, the south Yorkshire LTP partnership approved schemes and CAF approvals should be clearly demonstrated; as should the split where multiple funding sources are allocated to individual schemes.</p> <p>TT&amp;PS management should maintain a record from the start of each financial year as to how approved capital funding sources had been applied across individual business units. This would provide a documented link between funding and schemes, and so ensure that all such funding had been appropriately applied in line with the funding body/accountable body conditions.</p> <p>In addition, this record should also set out the build-up of funding streams applied to individual</p>	High	Head of TT&PS	<p>30.04.15</p> <p>Revised implementation date: 31.05.15</p>	<p>Action complete.</p> <p>Manager update: Working in partnership with Turner and Townsend on the change programme, TTAPS have developed the Transport Programme Monitor (TPM). This is an extensive spreadsheet to record all aspects of programme delivery including sections about finance, design and construction. The TPM includes a funding sources section which addresses this</p>

	schemes/business units from the various capital and revenue streams. This analysis should be revised to reflect any changes to the levels of funding or to the scheme budgets throughout the financial year.				action.  <u>Internal Audit comment</u> A screen-shot of the spreadsheet was provided with this management update, to demonstrate that funding streams are identified.
14.3	CAFs should be completed and submitted for formal approval on a timely basis in line with the corporate procedures.  TT&PS managers should ensure that this is being done and that delays are minimised.	High	Head of TT&PS	30.04.14  Revised implementation date: 31.05.15	Action complete.  Manager update: The Waiver and procurement strategy were approved by CPG on 29 May 2015. For 2016/17, six Mandates and four Initial Business Cases were approved at GP2L on 3 <sup>rd</sup> November 2015. This demonstrates that TTAPS are fully engaged with the capital gateways process and are preparing work streams for future years. An initial meeting with Financial Services about the Waiver for 2016/17 has been arranged for 30/11/15.
14.4	TT&PS management should carry out a review of operational arrangements for the delivery of highways schemes (along with management from Business Partner (Capital), Highways Maintenance Client and Commercial Services).  The review should determine whether current arrangements are fit for purpose, ensure an effective contribution towards the Council's strategic objectives and the strategic transport plan, as well as providing effective utilisation of all available grant funding sources.	High	Transport Programme Manager	30.06.14  (Implementation target for end to end review recommendations and change strategy is 30.06.15).  Revised implementation date: 30.06.15	Action complete.  Manager update: The change programme has been underway since March 2015 and is led by Turner & Townsend. It has focused on improving the planning, design and delivery processes to align with the corporate gateway system.

	<p>Consideration should be given to operational structures across the TT&amp;PS, as well as the interface with the Highways Maintenance Client Team (HMD) and Amey, as principal contractor.</p> <p>Particular focus should be placed on those planned schemes found to have been held up or subject to bottlenecks within the process, to determine the reasons and how these may be alleviated.</p>				<p>With respect to forward planning, a number of long term planning workshops were held to capture the existing process and develop it to align with the gateway process.</p> <p>In addition, at GP2L on 3rd November 2015 we presented the New Transport Vision For a Growing Sheffield together with Mandates and Initial Business Cases for a number of 2016/17 schemes.</p> <p>A number of lessons learnt workshops have been held including those for the Penistone Road scheme and the <u>Greenhill Main Avenue</u> scheme to examine what went right and what could be improved next time.</p> <p><u>Internal Audit comment.</u> The lessons learnt report for the Penistone Road scheme was provided to support this update.</p>
14.5	Officers assigned responsibility for the development and delivery of highways schemes should have received training for, and operate within, the corporate project management procedures. Equivalent roles and responsibilities should not be allocated to officers without the required skills and experience in project management.	High	Head of TT&PS	30.06.14	<p>Action complete.</p> <p>Manager update: Training about using the gateways process has been undertaken by most of the project managers, learnings have been cascaded down to</p>



	Quality assurance arrangements should be established to ensure that managers continue to work within the corporate project management framework.			Revised implementation date 30.09.15.	the remainder. PM roles are being reviewed as part of the change programme.  PMs have been coached on a 1-1 basis in the use of the TPM. The "Concerto" project has been overtaken by the T&T change programme.
14.6	<p>Consideration should be given to providing the principal transport planner scheme programme client with the necessary training and support in corporate capital procedures, or assigning responsibility to an officer with suitable experience.</p> <p>The key capital functions listed opposite should be set out and re-established so as to provide effective and sensitive levels of financial control over the highways schemes and associated capital funding.</p> <p>Clarification should be provided on the respective roles and responsibilities of the scheme programme client and principal engineer, business management to avoid ambiguity and potential duplication of those responsibilities. Job descriptions should be revised accordingly.</p>	High	Head of TT&PS	<p>30.05.14</p> <p>Revised implementation date 30.09.15.</p>	<p>Action complete</p> <p>Manager update: 14.3 and 14.4 are discussed above.</p> <p>The change programme has been underway since March 2015 and is led by Turner &amp; Townsend. It has focused on improving the planning, design and delivery processes to align with the corporate gateway system. The change programme has clarified the separate roles of each function to avoid ambiguity and duplication.</p> <p>An Interim Programme Manager has been appointed and Job descriptions for all the posts mentioned in the report will be revised accordingly as part of the Achieving Change resulting from the change programme.</p>
14.7	The Information Commissioner should be invited to review the automated number plate recognition data-sharing arrangements prior to their implementation.	Medium	Highways Network Manager	30.09.14	<p>Action Outstanding.</p> <p>Manager update: The</p>

	Subject to the Commissioner's approval, all of the parties (ie the four south Yorkshire local authorities and South Yorkshire Police) should enter in to a formal arrangement reflecting the approved procedures for each authority.			Revised implementation date 31.03.16.	Information Commissioner did not visit Sheffield and he has not rearranged the meeting. The data sharing has gone ahead, but using a revised method. Data sharing is being reviewed at a Corporate level by Ian Oldershaw, this includes the agreement between SCC, the other three districts and the SY Police.
14.8	TT&PS management should meet with the Commercial Services construction category manager to determine the levels and frequency of financial data to be provided to him. Once determined, arrangements should be put in place to allocate responsibility and set up timetables to facilitate this information.	Medium	Head of TT&PS	31.05.14  Revised implementation date 31.03.16.	Action ongoing.  Manager update: The SME from Turner & Townsend agreed with Financial Services what data is required. This has been included under the Cost Benchmarking section of the TPM.  A bespoke report (generated automatically from the TPM) for the Commercial Services construction category manager is to be developed.  <u>Internal Audit comment</u> A screen-shot of the cost benchmarking spreadsheet was provided to internal audit.
14.9	The previously recommended operational review (point 14.6) should consider the operational structures required for the effective delivery of highways schemes. Specifically, whether current structures provide the most effective model or whether these give rise to	Critical	Head of TT&PS	30.06.14  Revised implementation date	Action Outstanding.  Manager update: Director of RDS and interim head of TT&PS continue to review

	<p>bottlenecks or un-necessary duplication. Once the structure has been clarified, specific roles and responsibilities for all service areas and individual officers should be developed and issued, so as to avoid any ambiguity over those responsibilities or the expectations placed on individuals.</p>			<p>31.03.16.</p>	<p>operational structures as part of the Turner &amp; Townsend programme delivery outcomes, but Place revenue pressures are now uppermost and will influence the way forward.</p>
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## Audit Committee Report

<b>REPORT OF</b>	Senior Finance Manager (Internal Audit)		<b>DATE</b> 14 <sup>th</sup> Jan 2016
<b>SUBJECT</b>	Summary of the key recommendations made in the medium-high opinion audit reports issued by Internal Audit during the 2014/15 financial year as requested by Audit Committee Members		
<b>SUMMARY</b>	The attached is a summary of the key recommendations and executive summaries from the medium-high audit reports issued in 2014/15.		
<b>RECOMMENDATIONS</b>	To note the contents of the Report		
<b>FINANCIAL IMPLICATIONS CLEARED BY</b>	No K Inman	<b>PARAGRAPHS</b>	
<b>BACKGROUND PAPERS</b>			
<b>CONTACT POINT FOR ACCESS</b>	Kayleigh Inman	<b>TEL NO.</b> 273 4435	

**CATEGORY OF  
REPORT**

Open

## Statutory and Council Policy Checklist

<b>Financial implications</b>
<del>YES</del> /NO      Cleared by: K Inman
<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>
<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? <del>YES</del>/NO</b>
<b>Press release</b>
<del>YES</del> /NO

## **Report of the Senior Finance Manager** **14 January 2016**

1. The purpose of this report is to detail the headline recommendations in the medium-high opinion audit reports issued by Internal Audit during the 2014/15 financial year. This was requested by Audit Committee members following presentation of the Senior Finance Managers' annual report in September 2015.
2. Given the individual nature and scope of each review it was not possible to summarise key themes across all 34 medium-high opinion reports issued, results have however, been amalgamated when a similar review has been conducted in different portfolios.

### **Handling of Serious Incidents (Communities)**

#### Executive summary

3. The audit focused on the pilot of the Serious Incident SharePoint site undertaken by Adult Provider Services (APS). No testing has been undertaken on any individual Serious Incidents.
4. The Serious Incident SharePoint site is used to record an incident and as such is not a system to help manage the process of investigating and managing an incident.
5. It is acknowledged that APS was chosen to undertake the pilot as the team had a strong existing knowledge and understanding of the management of serious incidents. Internal Audit are aware that other service areas within the Communities Portfolio are less familiar with the identification, investigation and management of serious incidents and therefore, a recommendation to reflect the additional training and support required has been included in the implementation plan.
6. Serious Incident reporting to PLT ceased in September 2013 pending the implementation of the SharePoint site. The implementation has been significantly delayed, however the previous reports have not been reinstated leading to a gap in information provided to PLT and the Executive Director.
7. High priority recommendations:
  - The live Serious Incident SharePoint site should produce management information appropriate for PLT and Cabinet Members.
  - Automatic alerts from the Serious Incident SharePoint site to the Coroner's Office and Safeguarding Office should be explored.
  - Training and support should be tailored and provided to each service area prior to the Serious Incident SharePoint going live.

- Serious Incident Management Information should be made available to Communities PLT on a quarterly basis.
- Ensure the live Serious Incident SharePoint site contains filters to enable effective and efficient user management

#### Care Contributions, Payments in Dispute (Communities)

##### 8. High priority recommendations:

- Debt recovery arrangements should be reviewed to ensure appropriate & timely Dispute, DCA and Write Off actions take place.
- Formal risk management arrangements should be established and maintained.
- Actions taken to recover debt and resolve disputes should be recorded on OEO.

#### Libraries Governance (Communities)

##### 9. High priority recommendations:

- Management should comply with the policy of reporting bad debts, raise invoices for all outstanding debts, develop and implement a formalised debtor policy and seek to get payment up front for all services.
- All libraries leasing inventory items should be subject formal lease agreements.
- All libraries should have proper inventories in place.
- All libraries should have signed data processor agreements in place.

#### Choice Based Lettings system (Communities)

##### 10. High priority recommendations:

- Management should continuously monitor performance and actions taken to ensure targets are met;
- Separations of duties should be put in place.
- Quality assurance processes should be reviewed to incorporate random spot checks on details input onto the Choice Based Lettings system to ensure accuracy and consistency.



## Use of Dedicated Schools Grant (DSG) (CYPF)

### Executive summary

11. Although there is compliance with legislative requirements, and no specific examples were identified during the audit of malpractice, or non-adherence to procedures, the Internal Audit opinion was given on the basis that;
  - The DSG is a reducing budget (due to the academy conversions) and currently, this grant fund contributes to a large number of central budgets.
  - There are significant differences between the planned spend which is reported to the schools forum, and the actual spend position.
  - DSG is currently offsetting negative cash limit balances with no strategy currently in place as to how this can be resolved.

## Schools Critical Incident Planning (CYPF)

### Executive summary

12. All 21 schools sampled provided a completed CRSA questionnaire, however, only 16/21 schools sampled provided a copy of their current CIP to Internal Audit. Due to the lack of information provided, Internal Audit can offer no assurance as to the adequacy of the CIP, at those schools who did not provide a copy to Internal Audit.
13. Internal Audit has based the majority of the findings on the written detail provided in the CRSA questionnaire. It should be noted that all the responses recorded in the Brunswick Community Primary's CRSA questionnaire were "yes", with very little detail to support the responses. Compared to Gleadless Primary, their return was very comprehensive with evidence attached. Also, Arbourthorne Community highlighted 7 action points that they needed to address post CRSA questionnaire return.
14. It is noted that only Arbourthorne Community subscribe to CYPF Contingency Service to review and assist in the compilation of the CIP.
15. There were also issues identified by Bents Green Secondary that required advice and guidance in two areas in terms of how they regularly practice the plan under different scenarios. These have been referred to the CYPF Contingency service for assistance.
16. The Director of Business Strategy (CYPF) will need to ascertain if this is a representative sample for the schools in Sheffield as a whole and if extrapolated, whether a similar picture would be identified. The reasons for this level of non-compliance identified within the findings/ recommendations in this report also needs to be established, as it could indicate wider issues, for example, training

issues, lack of expertise/ skills in managing CIP, reduced resources and increased workloads.

### School Improvement Planning (CYPF)

#### Executive summary

17. All 20 schools sampled provided a completed CRSA questionnaire, however, only 8/20 schools sampled provided a copy of the current School Improvement Plan (SIP) to Internal Audit. Due to a lack of engagement and information provided, Internal Audit can offer no assurance as to the adequacy of the SIP, at those schools who did not provide a copy to Internal Audit.
18. Internal Audit has based the majority of the findings on the written detail provided in the CRSA questionnaire. It should be noted that the responses detailed in the CRSA questionnaire did not always correlate or match to the information detailed in the respective SIP or supporting documentation (for the sample of schools who submitted a SIP to Internal Audit). This raises concerns about the reliability of the data/ details recorded on the CRSA.
19. As an example, only 1 out of 8 schools that provided their SIP had a 3 year plan, but the CRSA questionnaires did not reflect this and implied all 8 schools that provided a SIP had a 3 year plan in place. There was also an issue identified with the approval of the SIP by Governors. The CRSA questionnaires portrayed a different situation than that reflected in the Governor meeting minutes. It is acknowledged that minute taking may be inadequate and the minutes may not accurately reflect discussions and approval of the SIP by the Governors.
20. The Director, Inclusion & Learning Services will need to ascertain if this is a representative sample for the schools in Sheffield as a whole and if extrapolated, whether a similar picture would be identified. The reasons for this level of non-compliance identified within the findings/ recommendations in this report also needs to be established, as it could indicate wider issues, for example, training issues, lack of expertise/ skills in managing school improvement, reduced resources and increased workloads.
21. High priority recommendations:
  - As an area of best practice and to aid future planning and any budget constraints, a SIP should be produced and cover at least a 3 year period, with the current year in detail and the subsequent 2 years at a strategic level.

### School Business Continuity Planning (CYPF)

#### Executive summary

22. All 21 schools sampled provided a completed CRSA questionnaire, however, only 8/21 schools sampled provided a copy of their current BCP to Internal Audit. Due to the lack of information provided, Internal Audit can offer no assurance as

to the adequacy of the BCP, at those schools who did not provide a copy to Internal Audit or who provided a Critical Incident Plan (CIP) in error and not the required BCP.

23. Internal Audit has based the majority of the findings on the written detail provided in the CRSA questionnaire. It should be noted that the responses recorded on five (Ecclesfield Primary, Mossbrook Primary, Nether Edge Primary, Watercliffe Meadow and Westfield Sports) CRSA questionnaires had little detail to support the responses. Compared to High Storrs, their return was very comprehensive and supported by numerous attachments/ evidence.
24. There were three schools that admitted to not having a BCP. These have been referred to the CYPF Contingency service for assistance.
25. The Director of Business Strategy (CYPF) will need to ascertain if this is a representative sample for the schools in Sheffield as a whole and if extrapolated, whether a similar picture would be identified. The reasons for this level of non-compliance identified within the findings/ recommendations in this report also needs to be established, as it could indicate wider issues, for example, training issues, lack of expertise/ skills in managing BCP, reduced resources and increased workloads.
26. High priority recommendations:
  - The Head Teacher should ensure that there is a robust, up-to-date and detailed BCP. The BCP should state the timescale/ date of next review. Advice and guidance is available on Sharepoint and also by contacting the CYPF Contingency Planning Manager.

### City Deal – Skills (CYPF)

#### Executive summary

27. This audit opinion is given on the basis that results to date indicate that the key objective of City Deal (to create 4000 new apprentices by 2016, and gain 2000 'upskilled' people) is unlikely to be achieved.
28. Although the governance arrangements appear sound on paper, little documented evidence has been seen during the audit of scrutiny and challenge of the project set up, operation and results via the structures/processes that have been formally put in place. Following the issue of the draft report, Lifelong Learning Skills and Communities (LLSC) Management have stated that communication, advice and guidance from the Local Enterprise Partnership (LEP) has tended to be verbal rather than documented, and the actual governance structure in place is different from that detailed on documentation provided during the audit.
29. In our opinion, the documented updates provided by SCC through to the LEP and Skills for Growth Board do not adequately evidence that issues

encountered, regarding the operation of the deal, and the adverse impact this is having on the overall number of apprenticeships created, are being reported.

30. Similarly, meeting minutes and other documented records of discussions produced by the Skills for Growth secretariat, provided during the audit do not appear to show challenge, by the LEP governance structure, of the actual performance/ results being achieved or note any agreed actions on the steps to be taken to remedy this.
31. This lack of documentation, to evidence strong governance arrangements between SCC and the LEP, could result in reputational damage to SCC as the accountable body (especially if the final achieved targets/outputs fall short of those stated in the funding agreement), and the LEP may not apply lessons learned from this deal against future 'deals'.
32. There is also a potential risk to SCC of clawback, as the funding agreement clearly states that the City Deal should be delivered in the most efficient and economical way and that if the City Deal does not achieve its objective or the grant is not used properly, then all or some of the grant used may be recovered.
33. High priority recommendations:
  - LLSC Management should work with their Finance Business Partner to ensure that the budget position with regard to achieving at least a 'break even' position is monitored and reported internally on a monthly basis. Consideration should be given to raising this issue with the LEP, as this could have an impact of the structure of subsequent projects of a similar nature that are currently in the pipeline.
  - LLSC Management should raise concerns to the LEP about the effectiveness of the documented and actual governance arrangements in place, seeking guidance as to changes that could be made to strengthen them for the duration of this project, and to take this issue forward as part of any lessons learned exercises so that they can be applied to future 'deals' that are currently being planned (ie the Growth Deal).
  - Management need to work with 'Skyblue' who have undertaken the external evaluation to enable the report to be published and issued to the LEP as soon as possible. Management should give due consideration to discussion/implementation of the recommendations contained in the draft report whilst the final versions of reports are still in progress, in order to effect change as soon as possible.

#### Thornbridge Centre (CYPF)

34. High priority recommendations:

- The Head of Outdoor Education Service should ensure that Thornbridge has a specific service plan, detailing aims/ objectives, service provision enhancement and long term planning of 3-5 years.
- The Head of Outdoor Education Service should produce a full set of system and process notes that covers out-of-hour bookings and knowledge from past bookings, e.g. the diplomats, for example. These process and system notes should ensure business as usual and continuity once their experienced staff leave the Service.
- The Head of Outdoor Education Service should update Insurance annually of all activities currently being delivered and immediately if the services offered during the year changes, which may affect the cover/ premium.
- All instructors used at Thornbridge for providing activities should be DBS checked and these should be kept up-to-date, although legislatively it may not be required. Locally and reputationally a DBS check is highly recommended for all instructors used at Thornbridge. Only the instructors on the Approved List should be used at Thornbridge when an activity is requested. A rigorous process should be devised in order for an instructor to register on this Approved List. Thornbridge should revise their pre-employment checklist to assist them in registering instructors on the Approved List. This document will help to ensure all the required pre-employment checks have been performed and documentation has been retained, such as eligibility to work in the UK / ID verification, DBS, qualifications, references, etc.
- An employment status check through HM Revenue and Customs' Employment Status Inquiry (ESI) Tool should be performed, at least annually, and attached ideally with the purchase order and recorded on G drive. Management should ensure if the terms of the engagement change, then another status check is performed.

### Cash Handling (Place, CYPF, Communities and Schools) (4 reports)

#### Executive summary

35. Internal Audit carried out the cash-handling audit in Place, CYPF, Communities and within Schools via a CRSA – essentially a questionnaire which asked 42 questions under a number of section headings. It was designed so that services/schools could self-assess their internal control environment with regard to cash income and cash handling.
36. The CRSA is a recognised auditing tool and it should be acknowledged by management that any 'no' responses indicates a potential weakness that requires addressing.
37. The return rates are detailed below.
  - Schools: 100% (20/20)

- CYPF: 74% (42/57)
- Place: 71% (17/24)
- Communities: 34% (28/82)

38. Most sections/ services that provided a completed CRSA questionnaire to Internal Audit did not support their return with any additional evidence. As a result the audit findings and opinions recorded in the reports were solely based on the statements and responses provided by the service areas/schools in their CRSA return. It should also be noted that the responses to the controls in a number of the CRSA questions were not very detailed, considered poor and showed either a lack of understanding of controls or questions not being read properly.
39. The CRSA questionnaires that recorded a 'partial' compliance did not always provide details of what this assessment was based on or indicate the area of concern/ weakness. Certain controls within the CRSA's were also left blank, therefore Internal Audit was unsure as to whether the control is in place or not.
40. For the sections/ services that did not return their CRSA questionnaire, Internal Audit cannot provide any assurance as to the adequacy or robustness of cash handling arrangements within these service areas. This was most significant in the Communities portfolio, where only 34% of services returned the questionnaire. These details have been provided to the relevant Director of Business Strategy for follow up and action.
41. Within Place, post return, Internal Audit was notified of a petty cash loss within the Regeneration Service. Following discussions with the responsible officer who completed the questionnaire it was obvious that the assurances detailed in the questionnaire were not fully accurate and weaknesses in security were evident. From discussions it was identified that the float was rarely used and reconciled. The Director of Business Strategy and Regulation should make enquiries about the float use and cash security arrangements. Superfluous floats should be returned if not used.
42. It is noted that Internal Audit could not obtain an up-to-date list of areas that received cash income and/or handled cash within the Place, CYPF and Communities portfolio and had to rely on information produced by the Finance Business Partner (as part of the removal of the Cashiers function) and local knowledge. Therefore, it was expected that the lists tested were not wholly accurate.
43. The relevant Director of Business Strategy will need to ascertain if the areas of 'no and partial' compliance, with cash handling arrangements, identified within the findings/ recommendations in the reports, indicates wider issues. For example, training issues, lack of expertise/ skills in managing cash handling, reduced resources, and increased workloads. The Directors of Business Strategy will need input and commitment from all portfolio Directors/ Head Teachers/ Governors to help address any weaknesses in relation to cash handling.

44. Management should also consider issuing the CRSA to all new service areas transferred into the Portfolios and also any changes of senior staff whose role now involves the handling of cash.

#### Section 106 Planning Income (Place)

##### Executive summary

45. Internal Audit acknowledges that the work to reconcile historical S106 income records held in Planning to the Council's OEO records was lengthy, represented a significant staffing resource commitment on the part of Planning and Finance services and that this may have been contributory to some of the findings in this report. This work has now been completed and the monthly reconciliation will provide the basis for prompt and effective funding allocation (and reporting) in future.

46. High priority recommendations:

- Internal Audit re-iterates the previous Audit Report recommendation. "Risks associated with Section 106 arrangements and associated mitigation strategies should be identified and documented at a [Planning] Service Level in accordance with the Corporate Risk Management Framework. These risks should be allocated review dates and reported to Portfolio management accordingly to ensure risks are up to date and treatment plans are still relevant and achievable. "...and further recommends that this is extended to incorporate risks (and associated mitigation strategies) relating to the forthcoming introduction of CIL. Specific consideration should be given to the impact of staffing resources on the service's ability to administer the S106 and CIL schemes. The Planning Service Risk Management Plan should be reviewed on a regular basis (quarterly or half yearly) to determine whether those risks were still applicable and mitigation strategies remained effective. Risks rated as high (residual risk) should be put forward for escalation to the Regeneration & Development Services Risk Management Plan.
- The Urban and Environmental Design Manager, as S106 budget officer, should monitor the submission of Open Space project proposals by the Parks Service to ensure the allocation and best use of S106 resources within individual obligation agreement deadlines. Access to the Capital Finance Manager's monthly S106 reconciliations (as referred to at 1.3) will further aid the Urban and Environmental Design Manager's monitoring arrangements.

#### Business Planning (Corporate) (4 reports)

##### Executive summary

47. This Internal Audit was been assigned a medium-high opinion due to the strategic importance of balancing the budget every year. 2015/16 was the fifth year of large-scale budget reductions, which had to be balanced against the

desire to preserve the organisations values and outcomes for the city. This makes the business planning process inherently difficult.

48. It is acknowledged that the process is very resource intensive and a lot of work went into achieving a balanced budget for 2015/16. That being said all those involved in the process recognised that finding savings across the council via a large number of individual schemes is proving increasingly challenging.
49. It is recognised that there is a corporate process in place for business planning and a central business planning group. Within this structure, proposals have been put forward to meet the 'savings' required for the past few years, however the actual savings achieved to date have not always correlated with the proposals put forward. Given the increasingly difficult resourcing situation, it is recognised by Internal Audit and acknowledged by Directors that change is required, and the process behind business planning needs to be amended to identify robust and achievable savings. Management have stated that for 2016/17 the Council is considering revising its approach to focus on a much smaller number of areas where it believes that savings can be achieved.
50. With regard to the 2015/16 budget, on paper there are sufficient options to establish a balanced budget, but many of these proposals have been assessed by management to be of 'high risk'. At the time of the review, there was considerable variability in the quality of business cases provided to Internal Audit to support the 'headline' savings figures quoted, and thus limited evidence to provide assurance that these savings are in fact achievable, or that alternative contingencies are in place.
51. Due to the timing of this review, elements of the business planning process occurring December 2014 onwards have not been tested, and are considered to be outside the scope of this review.
52. High priority recommendations:
  - The process of identifying savings proposals for 16/17 (and beyond) should commence as soon as the 15/16 budget is finalised in order to provide management with as much time as possible for this process.
  - As part of an overall review on roles and responsibilities within the business planning process, the responsibilities of both Portfolio Management and their Finance Business Partner (FBP) should be clarified. Whilst portfolios should always retain ownership for proposals, ideally, all of the information provided for Qtier data fields should be reviewed and challenged where appropriate by FBP's. Alternatively, a 'minimum framework' of information to check should be created, to ensure consistency of approach across FBP teams, and reducing the potential for inaccurate assumptions being made about the robustness/achievability of the proposal.
  - Where proposals are particularly complex, or will take time to implement (due to staff notice periods/consultation etc.) then management need to consider that either the savings amounts initially quoted are pro-rated to reflect this, or



implementation plans are put in place as soon as possible to ensure the full savings are achieved.

- There needs to be a realisation and acceptance across management that viable savings have to be identified, and management need to take steps to ensure that sufficient proposals are put forward by the deadlines set in future years.
- All savings proposals need to have detailed justification/documentation that demonstrates exactly how the saving is to be achieved.
- There should be greater transparency and reporting of where budget savings for previous year(s) are clearly not being achieved, and may have an adverse impact on the savings targets required going forward.
- There is a need to integrate budget and corporate processes and be prepared to consider options that run counter to Council priorities if the austerity agenda continues and savings cannot otherwise be found. Consideration should be given to evaluating whether members should review and revise its priorities/strategy for the City, and then apply weightings, so that budget allocations and savings targets can reflect Sheffield's key priorities in a more meaningful manner. This will then demonstrate clear priorities and help clarify how money is spent in the City.

### **Payroll (MFS)**

53. High priority recommendations:

- Payroll performance reporting should be documented and produced for management on a regular basis.
- Sufficient documentary evidence should be retained for employees leaving the council.
- Payment deduction calculations for employee led schemes should be checked for accuracy prior to processing monthly payroll.
- Applications for employee led schemes should be authorised by the relevant SCC manager. This should be checked by payroll staff and evidence retained.

### **City Wide Alarms (Resources)**

54. High priority recommendations:

- There should be monthly monitoring of the way Tunstalls handles calls. We should access the calls received by Tunstalls and select a representative random sample for review to ensure that they are answering to our protocols.

Any failure to follow protocols should be noted and discussed with Tunstalls to rectify and eliminate this going forward.

- There should be adequate monitoring of the calls that relate to the Sheffield contract on a monthly basis. This should either be performed by SCC or by Tunstalls with the results of this monitoring fed back to SCC.
- There should be an established set of management information reports that are provided to Sheffield City Council on a monthly/quarterly basis as appropriate. This should include as appropriate any background information that is used to compile the performance indicators.

### **Information Governance – Information Strategy (Resources)**

55. High priority recommendations:

- It is recommended that BIS develop a clear work plan for the IGF supporting work that needs to be undertaken. The tasks to be undertaken should be fully detailed with a timescale applied for completion of the tasks. The Information Governance Board should monitor that the tasks are being completed as planned, in line with the work plan.
- It is recommended that BIS now review the Officers who fulfil the key information governance roles across the Council, ensuring that these staff are fully aware of the framework and understand their key roles and responsibilities in relation to information governance. Where specific training is required on this, to aid understanding of the roles and responsibilities, this should be provided as appropriate. The training needs of all staff should also be considered and relevant training implemented as appropriate.

### **Information Governance – Data Security (Resources)**

56. There are no high priority recommendations on this report as the opinion level was based on the number of medium priority recommendations.

- Although the review concentrated on the security arrangements at the Moorfoot building, Internal Audit are aware that arrangements at the Town Hall also require review and significant improvement. Management are concerned that there is an unacceptable level of risk of security breaches. The security arrangements at the Town Hall are planned to be over hauled and mirror the set-up at the Moorfoot building.
- No testing was undertaken in relation to the Town Hall's security arrangements. Further reviews of physical security, e.g. access to buildings, are planned to be undertaken in future years. Internal Audit will expect the recommendations made in this report to be implemented, where appropriate, across the Council's estate.

- Internal Audit also identified issues in relation to the devices used by the Council staff and them not being logged on to the network, Capita not recording assets in the Configuration Management Database (CMDB) uniformly, inadequate disposal procedures with assets being disposed of inappropriately and assets not being decommissioned properly (assets being logged as being used after they had been decommissioned).
- Management are aware of these issues and Internal Audit has reported at length on them and is currently following up on management actions. Further work is planned in this area and will be reported separately.
- Desktops are not encrypted. A Request for Change (RFC) has been raised to encrypt the desktops. This has been considered by the Information Governance Board and if approved will remove this risk going forward.

### **Financial Implications Sign-Off Process (Resources)**

57. High priority recommendations:

- The outcomes of the project work must include the defining of Officers responsibilities in relation to implications sign off. These should be clearly defined with emphasis on early engagement with Finance, HR, Legal etc.
- It is recommended that Finance clearly communicate with managers across the Council, the risks associated with amendments made post sign off. Where this does occur, this should be escalated to appropriate Portfolio management. An agreed system of version control should also be agreed with managers that clearly records the changes made to the reports over time. Over time, consideration should be given to the use of an IT solution that could control the approval required in the key decision process.

### **Fair Processing Notices (Resources)**

58. High priority recommendations:

- All existing Lagan applications to be updated to contain the FPN.
- The Data Matching page on the SCC website should be updated to better reflect the ongoing nature of the Fair Processing Notice. The Data Protection section on the website should also provide a link to the Data Matching page to give service users looking at the Council's Data Protection Policy the opportunity to easily access the Fair Processing Notice.

### **Treasury Management (Resources)**

59. High priority recommendations:

- All procedure notes should be brought up to date. These should reflect the latest systems used, any changes to personnel and when applicable, the new banking system. It would be preferable to use job titles in conjunction with names as this better defines the authority required at each level. Ideally all of the procedure notes should be collated into one procedures manual. This should enable a conjoined document which is easier for cross referencing and updating. The revised procedure notes should be reviewed and signed off by the relevant Assistant Director of Finance to ensure that they give adequate governance.
- There should be at least one member of the Treasury Management team with formal Treasury Management qualifications. Internal Audit recognises that this is in the process of being remedied as the Finance Manager is studying the certificate level of the International Treasury Management qualification.
- There should be a fraud risk assessment completed of the Treasury Management and Banking service. This should be regularly reviewed and presented to senior management. This risk assessment should be completed prior to the new banking arrangements and then reviewed when they are in place.

### **Employee Expenses (Pro-active Review)**

#### 60. High priority recommendations:

- It is recommended that HR investigate these payments and identify whether making these payments via a subsistence claim is the most appropriate way to reimburse the Officer for this work. HR should liaise with the Service and advise appropriately. HR should also remind managers that all expenses claims should be submitted on a timely basis - this could be via a notification on the manager's area of the intranet following this audit review.
- Internal Audit recommends that managers are made aware of the issues raised in relation to the correct payment of individuals - as detailed above. As noted previously, this information could be provided under the manager's area on the intranet following the audit review. Payroll should be asked to review this case and determine if any additional payments to HMRC are required. If an additional payment is required, this should be charged directly to the service.
- As it is generally acknowledged that the expenses process is always vulnerable to fraud, it is recommended that a fraud risk assessment is now completed.
- It is recommended that managers are reminded of the risks in relation to the expenses process. It would be useful to include some fraud indicators under the manager's area on the intranet for their reference.
- It is recommended that HR management request periodic reports on mileage and subsistence claims from Capita. This could be a periodic report on high value claims which could then be reviewed for reasonableness and referred to

the relevant managers across the Council where necessary. This does not have to be an onerous task but would allow visibility of services where there is high spend in this area - prompting discussions on appropriateness of the spend (indeed there may be valid reasons for high value spend) or lack of adherence to policy (for example, in the case of subsistence claims).

### **Mobile Phone Billing (Pro-active Review)**

61. High priority recommendations:

- It is recommended that management now consider and develop plans for how call usage will be monitored going forward under the new contract. Managers need to have access to the information that will allow them to monitor device usage effectively. As the Electronic Communications Policy allows 'occasional appropriate and reasonable personal use', it is important that guidelines are set to enable managers to interpret this appropriately and monitor in line with these guidelines. For example, the guidance could allow for 30 minutes of personal 'talk time' per month and should total less than the time used for work purposes. Information would need to be provided to managers that would allow this monitoring to take place. Under the Council's ICT Acceptable Use Policy, it is noted that Council email addresses should not be used for private use. As texts would come from a Council number, it is recommended for consistency purposes that personal text messages are not sent from mobile devices. It is important that the mobile devices are a work requirement and cannot be seen by the public as an employee benefit. Where this is viewed to be the case, it could bring the Council in to disrepute.

### **Budget Setting and Implementation of Savings (Corporate Review) (4 reports)**

62. High priority recommendations:

- A standard savings proposal document should be created to include all key information, agreed by all portfolios and implemented Council wide. This will ensure consistency between Portfolios and Outcomes and that all the key information is held within one document. This document should be as a minimum, if services require more information, then this should also be attached. The development of a Budget Savings area within SharePoint, similar to that of the Equality Impact Assessment (EIA) area, would enable a standard savings proposal e-form to contain 'prompts' for mandatory information, the form could then be completed and stored.
- Consideration should be given as to the inclusion of a documented savings proposal review by the relevant Assistant Director of Finance as part of the budget setting process and included within the budget setting timetable. This would enable a more transparent challenge of the proposed savings.
- All of the savings proposals should identify, by sensitivity analysis, the potential likelihood of the savings being achieved. This would show the likelihood of under achieving the saving and the potential impact to enable Service

Management to formulate robust plans to support the timely implementation of the saving or consider other areas where a partly achieved saving could be mitigated. It would also indicate the likelihood of overachieving on the saving. It is appreciated that some savings achievement may impact on the sensitivity of other savings and where this is identified, this should be noted.

- Where appropriate in relation to demand led services the activity assumptions on which the budget is set should be clearly stated in the budgets as well as the sensitivity analysis of costs in relation to changes in the actively levels seen.
- The Executive Director should then be asked to report to the Chief Executive and S151 officer on instances where the requirement has not been met and the corrective action that has been put in place to mitigate this. This would give transparency to the process and allow for the requirement of the protocol to be demonstrated.



cutting through complexity

# Appointing your external auditor

Considerations for the local government sector

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# Appointing your external auditor

## Background

In August 2010 the then Secretary of State for Communities and Local Government, Eric Pickles, announced that he intended to close the Audit Commission, the body that appointed external auditors to Local Government and NHS organisations (excluding Foundation Trusts). As part of this announcement, he also stated that organisations whose appointments were previously controlled by the Audit Commission should have the freedom to appoint their own external auditors.

The Audit Commission closed on 31 March 2015. At that time contracts were already in place for local government and NHS external audit appointments that covered audits up to and including the financial year 2016/17. Within these contracts there is an option to extend for a maximum of three further years, i.e. up to and including the financial year 2019/20.

A consultation exercise with key stakeholder groups has recently been concluded on whether, and if so for how long, to extend these contracts. The Government decided that for local government bodies the contracts will be extended by one year, so incorporating the audit of the 2017/18 financial year. Contracts for NHS bodies will not be extended.

## What does this mean for your organisation?

This decision means that you will assume the power to appoint your external auditor from the 2018/19 financial year onwards. This will be the first time you have made such an appointment. External auditors provide an important professional service and play a critical role in the stewardship of public spending, so it is vital that this new decision making power is exercised after careful consideration on how to proceed. Whilst you have different options open to you on how to approach this new power, you will need to comply with some specific requirements.



# Appointing your external auditor

## What should local authorities be considering?

In deciding what to do there are a number of considerations.

<b>Do your current external auditors provide you with a good service?</b>	If yes, do you need to change? If no, now you have an opportunity to do something about it.
<b>How could we procure an external audit service to ensure we get best value?</b>	You will have a number of options on how and when to procure your external audit service – these are summarised later in this document.  Given the range of options it will be important to consider the best approach for your organisation.
<b>What do we need to do before we start a procurement process?</b>	The new regulations require you to have an Audit Panel, which will be responsible for recommending who your external auditor should be. This Panel must include a majority of independent (i.e. not elected) members and an independent chair. It makes sense for the Panel to have links with your audit committee.
<b>When do we need to undertake a procurement exercise?</b>	The regulations require you to have appointed your external auditor by 31 December in the year preceding the year of audit. As 2018/19 is the first year of these new arrangements, you will need to have appointed your auditor by 31 December 2017.  You will need to undertake whatever procurement process you follow in good time – sometime between the Spring and Autumn of 2017. And before doing that you will need to have established your Audit Panel – by early 2017 would be sensible.
<b>Who can I appoint to be our external auditor?</b>	You will only be able to appoint an audit firm that has been authorised by the ICAEW to undertake ‘local audit work’. Local government auditing is highly specialised and you will need to ensure that your auditor has the necessary capability, experience and capacity to fulfil the statutory duties of a local government auditor.

# Appointing your external auditor

## Procurement options

Although local government bodies will all assume the same power to appoint their external auditor, it is likely that various options will be followed on how they go about doing this. The main options are set out below.

<b>Re-appoint incumbent auditor</b>	One option might be to continue with your current audit provider for a short period, say between one and three years. This would delay testing the market, although you could benchmark proposed fees for reasonableness against published data or by comparing to similar bodies. This would provide stability of service in the short term and also avoid the 'rush to market' as large numbers of local authorities undertake procurement exercises within a short period of time, allowing you to procure later in a more settled audit market.
<b>Stand-alone tendering</b>	As with any other service, you could run your own procurement process. This allows complete autonomy over how and when you want this to be done, although you will need to ensure you follow the Regulations and consider any guidance issued by DCLG or other relevant bodies. However, you should consider whether you will have sufficient purchasing power on your own to obtain best value.
<b>Combined procurement</b>	You could join together with one or more neighbouring authorities to undertake a collective procurement exercise. This would enhance your purchasing power, but would diminish your autonomy over the process and you would need to consider how to retain sufficient sovereignty over decision making and whether this might complicate auditor independence considerations.
<b>Existing frameworks</b>	You could use one of the many existing government or public sector frameworks. These list firms who have already been shortlisted and therefore might speed up the process. You will need to ensure that the firms on any framework have been authorised by the ICAEW for local audit work, however.
<b>Sector led procurement</b>	The new audit legislation allows for a sector-led body (referred to as a 'specified person' in the Regulations) to undertake a bulk procurement process. If such an organisation emerges then this option provides an administratively easy route and would most likely have the greatest element of specialist audit procurement expertise. It would also provide good purchasing power, although with less autonomy than some other options, and might afford easier management of potential auditor independence issues than other combined procurements approaches. It will be the most similar option to the current arrangements.

# Appointing your external auditor

## What other factors should you consider?

When you are deciding who to appoint as your external auditor you will need to consider a range of factors. Key areas to consider are as follows:

- **Quality:** This is a vital consideration and should be appropriately weighted in any scoring methodology for assessing tenders. Relevant considerations include audit methodologies, systems and processes, staff training and expertise, and quality monitoring arrangements.
- **Experience:** Local government auditing is a specialist business and your auditor must have the necessary skills and sector experience. This is not just about understanding local authority financial reporting, but extends into auditors' value for money audit responsibilities and 'challenge' work.
- **Independence:** You will need to consider possible relationships with audit firms via non-audit work such as consultancy and tax advice. Independence is also an important mind-set for auditors to adopt, where you should be satisfied that your future auditor will be sufficiently challenging (and your current auditor should not be constrained in exercising their duties by any tendering process).
- **Organisational fit:** As with any service it is important to consider how the people you see in the audit team fit with your own organisational culture – i.e. can you work with these people.
- **Price:** Like any other out-sourced service you need to obtain good value through a competitive audit fee. However, best value does not mean the cheapest quote. The fee must be sufficient to provide a good quality service taking account of the scale, nature and risk profile of your organisation, and also the requirement for your external auditor to comply with auditing standards and other statutory duties.
- **Other services:** Although ethical standards provide limitations, you should consider what other services you might want your auditor to perform, whether that is other assurance services (e.g. certifying grant claims) or more added-value services.

# Appointing your external auditor

## What next?

There is still plenty of time before you appoint your external auditor for the first time, but there will be a long lead up to that decision. It is therefore important to think about how your organisation should approach this in good time. We would suggest that you should be developing your procurement strategy and selecting your preferred approach during 2016.

It is likely that further guidance and support will be issued by DCLG, and potentially other organisations such as CIPFA, to help you with the decisions you need to make and how you proceed. We will continue to update you on key developments.

If you want to discuss this further please contact your audit Engagement Lead, Tim Cutler or your audit Senior Manager, Alison Ormston.

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## Audit Committee Report

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

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**Date:** 14 January 2016

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**Subject:** Work Programme

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**Author of Report:** Dave Ross (0114 273 5033)

**Summary:**

The report provides details of a proposed 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>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



**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 is set out below and Members are asked to identify any further items for inclusion.

<b>Date</b>	<b>Item</b>	<b>Author</b>
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	Internal Audit Review of Reactive and Proactive Fraud Work	Kayleigh Inman (Senior Finance Manager)
14 April 2016	International Auditing Standards – Compliance with Internal Control/Counter Fraud	Dave Phillips (Acting Director of Finance)
14 April 2016	Certification of Claims and Returns Annual Report 2014/15	Tim Cutler (Partner, KPMG)
14 April 2016	External Audit Plan 2015/16	Tim Cutler (Partner, KPMG)
14 July 2016	Update on Strategic Outcome Planning	John Mothersole (Chief Executive)
14 July 2016	Strategic Risk Management	Richard Garrad (Corporate Risk Manager)
14 July 2016	Other items to be confirmed	

2.3 Meeting dates and a work programme for 2016/17 will be available for the next meeting of the Committee.

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**