

# Audit and Standards Committee

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**Thursday 20 September 2018 at 5.00  
pm**

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

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

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## **Membership**

Councillors Josie Paszek (Chair), Simon Clement-Jones (Deputy Chair),  
Dianne Hurst, Alan Law, Pat Midgley, Mohammed Mahroof and Martin Phipps.

## **Independent Co-opted Members**

Liz Stanley and Lynda Hinxman.

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## **PUBLIC ACCESS TO THE MEETING**

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

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

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

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

If you require any further information please contact Sarah Cottam in Democratic Services on 0114 273 5033 or email [sarah.cottam@sheffield.gov.uk](mailto:sarah.cottam@sheffield.gov.uk).

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## **FACILITIES**

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

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

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**AUDIT AND STANDARDS COMMITTEE AGENDA  
20 SEPTEMBER 2018**

**Order of Business**

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- 1. Welcome and Housekeeping Arrangements**
- 2. Apologies for Absence**
- 3. Exclusion of the Press and Public**  
To identify items where resolutions may be moved to exclude the press and public.
- 4. Declarations of Interest** (Pages 1 - 4)  
Members to declare any interests they have in the business to be considered at the meeting.
- 5. Minutes of Previous Meeting** (Pages 5 - 10)  
To approve the minutes of the meeting of the Committee held on 26 July 2018.
- 6. Annual Internal Audit Opinion Report** (Pages 11 - 40)  
Report of the Senior Finance Manager.
- 7. Information Management Annual Report** (Pages 41 - 50)  
Report of the Data Protection Officer / Senior Information Management Officer.
- 8. Annual Review of the Complaints Procedure** (Pages 51 - 64)  
Report of the Director of Legal and Governance.
- 9. Work Programme** (Pages 65 - 66)  
Report of the Director of Legal and Governance.
- 10. Dates of Future Meetings**  
To note that meetings of the Committee will be held at 5.00 p.m. on:-
  - 15 November 2018;
  - 20 December; (Additional meeting if required);
  - 24 January 2019;
  - 21 February (Additional meeting if required);
  - 21 March (Additional meeting if required);
  - 18 April;
  - 13 June;
  - 25 July.

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## ADVICE TO MEMBERS ON DECLARING INTERESTS AT MEETINGS

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

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

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

You **must**:

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

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

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

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

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

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

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

You have a personal interest where –

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

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

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

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

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

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

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## SHEFFIELD CITY COUNCIL

### Audit and Standards Committee

#### Meeting held 26 July 2018

**PRESENT:** Councillors Josie Paszek (Chair), Simon Clement-Jones (Deputy Chair), Dianne Hurst, Alan Law, Pat Midgley, Mohammed Mahroof and Martin Phipps

Co-Opted Member

Liz Stanley

Representing KPMG

Tim Cutler

Council Officers

Eugene Walker, Executive Director, Resources

Gillian Duckworth, Director of Legal and Governance

Dave Phillips, Head of Strategic Finance

Kayleigh Inman, Senior Finance Manager, Internal Audit

Ruth Matheson, Finance Manager

Richard Garrad, Corporate Risk Manager

Tim Sharp, Risk Advisor

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**1. APOLOGIES FOR ABSENCE**

1.1 An apology for absence was received from Lynda Hinxman.

**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 14 June 2018 were approved as a correct record.

**4. REPORT TO THOSE CHARGED WITH GOVERNANCE (ISA 260)**

4.1 Tim Cutler, KPMG, submitted a report from the external auditors summarising the key findings in relation to KPMG's 2017-18 external audit at Sheffield City Council.

4.2 He reported on a number of significant risks including valuation of property equipment, valuation of pension liabilities, faster close and inverse LOBO (Lender Option Borrower Option) accounting. However, the external auditors were satisfied with the City Council's responses to these risks and therefore KPMG had concluded that they would be able to sign an unqualified financial statements opinion. KPMG also anticipated issuing an unqualified value for money opinion.

4.3 Responding to a question from the Chair regarding whether the Council was

setting reasonable budgets across its services, Tim Cutler stated that external auditors had to look at the arrangements that an authority had in place to set budgets and monitor financial performance. An audit would also look at how the Authority would forecast and cope with demand pressure from outside whilst accepting it was not always within their control. It would also compare this with other local authorities. The Council was doing what it could but there would always be pressures from outside which would impact on this.

- 4.4 A Member of the Committee then enquired about budget setting within the People Services portfolio and corporately as there had been a significant overspend in the People Services portfolio which had been offset by an underspend in the corporate budget. Dave Phillips, Head of Strategic Finance, commented that there were significant pressures on the People Services portfolio caused by social care pressures. Carers tend to be lower paid and the Council had looked to address this in respect of the minimum wage. However, this had caused cost pressures to the portfolio's budget.
- 4.5 Dave Phillips added that there was agreement across all sides that the Council's approach to trying to reduce costs in social care was the right approach. Early intervention was now the focus. There had been improvements in Delayed Transfers of Care (DTCOC's). However, this moved the costs from the NHS to the Council and the budget did not necessarily move to the Council. Baseline budgets for social care had increased and the issues were common across all social care authorities across the country.
- 4.6 Eugene Walker, Executive Director, Resources, added that the Council tried to set as realistic a budget as possible. However, the Council was very reliant on the NHS. The Council had improvement plans in place regarding social care and 90% of the savings under the Council's control were being made. There was not enough join up of the health and social care system and half of the cost pressures were health related. There was a need to get quality interventions in place and keep a level of financial sustainability.
- 4.7 **RESOLVED:** That the Committee notes the report now submitted.

## **5. STATEMENT OF ACCOUNTS**

- 5.1 The Head of Strategic Finance submitted a report communicating to Members any relevant matters arising from the external audit of the 2017/18 Statement of Accounts.
- 5.2 Ruth Matheson, Finance Manager, reported that the Council had met the statutory deadline for submitting its draft statement of accounts, which had been brought forward from last year. Training had been provided for Members in considering the Statement of Accounts. The accounts had been audited and minor presentational changes had been made as a result. She was therefore requesting that the Chair of the Committee and Eugene Walker (as the Section 151 Officer) sign off the accounts. If the accounts were signed off they would be published on the Council's website by 31 July 2018.

- 5.3 Responding to a question from a Member as to what the Council was doing in respect of its loss making trading arms, Dave Phillips commented that there were two areas where the Council was making deficits, namely markets and transport. The Council was keen that the City had a thriving market. Although the footfall on The Moor Market had been initially disappointing, this was increasing and the aim was to get this in balance. Detailed questions on transport trading services were a matter on which service management would be better placed to respond.
- 5.4 In respect of a question from a Member regarding pooled budgets with the NHS, Eugene Walker stated that budgets were aligned where possible with the NHS. The only pooled budgets were in respect of Community Equipment and Mental Health and positive discussions had been held with the Health and Social Care Trust in respect of Mental Health. The issue with the health system in the City was that it was focussed on the Teaching Hospital's Trust. Until a three-way risk share was achieved, the City Council would continue to be towards the bottom of the pile in respect of achieving savings.
- 5.5 Following a question from a Member, Dave Phillips reported that, although the Council had not done a recent analysis, previous research had shown that the Council was largely comparable with other authorities in respect of salaries of £50k or more. The Council had significantly reduced its Directors posts over the past 8 years and was not historically a high payer. However, an analysis could be undertaken to assess if this was still the case.
- 5.6 A Member of the Committee then asked if the Council was confident of returning to un-earmarked General Fund (GF) reserves that were 3% of the Council's net revenue budget which was the assessed minimum requirement. Dave Phillips commented that there had been a £2m overspend in social care in 2017/18 and the Council had used the GF reserve to meet this overspend as it had done in 2016/17, when New Homes Bonus was used in 2016/17 to replenish the GF reserve. The Council was committed to replenishing its GF reserve to the level of 3% as required during 2018/19, and a review of the most suitable source of funds to do this will be undertaken.
- 5.7 Responding to a question from a Member, Eugene Walker commented that future funding from Government was a major uncertainty. However, the Council was confident that there would be a £15.5m reduction in Revenue Support Grant in 2018/19. More generally there would be a Fair Funding Review undertaken nationally in 2020 to look at the allocation process.
- 5.8 In terms of governance issues, by bringing IT controls in-house or commissioning them, it was hoped that they would be strengthened. Issues relating to bank reconciliation were caused by short-term resourcing pressures on implementing the new general ledger system, and were not longer-term governance issues, as reconciliations were now back up to date.
- 5.9 Responding to a question from a Member regarding commitments to external leases, Ruth Matheson reported that she would collate that information and circulate it to Members.

5.10 **RESOLVED:** That the Committee:-

- (a) accepts the report to those charged with Governance (ISA 260) 2017/18;
- (b) approves the Statement of Accounts for 2017/18 and authorises the Chair of the Audit and Standards Committee to conclude the audit by signing the Letter of Management Representations and the Statement of Accounts for 2017/18; and
- (c) thanks Officers for all their hard work for completing the Statement of Accounts and submitting the draft Statement of Accounts within the required timescale.

## 6. **ANNUAL GOVERNANCE STATEMENT**

6.1 The Director of Legal and Governance submitted a report providing the Annual Governance Statement for 2017/18 which formed part of the Council's Statutory Accounts.

6.2 **RESOLVED:** That the Committee notes the contents of the Statement and that this had been signed by the Council Leader, Chief Executive and the Executive Director, Resources and that the statement formed part of the Annual Accounts.

## 7. **PROGRESS ON HIGH OPINION REPORTS**

7.1 The Senior Finance Manager (Internal Audit) submitted a report presenting and communicating to Members of the Committee progress made against recommendations in audit reports that had been given a high opinion.

7.2 Kayleigh Inman, Senior Finance Manager (Internal Audit) reported that dummy data would be set up to replace the live data which had previously been used in the Housing Management System training. The Council's Executive Management Team (EMT) had noted the ongoing activity but requested progress be made in implementing the recommendations and she would flag up to EMT where progress had not been made.

7.3 In response to a question from a Member, Kayleigh Inman reported that a number of reviews had been undertaken in respect of for parking services, and the review in the report focussed on cash collection. Internal Audit was now satisfied that actions had been completed and followed up.

7.4 In respect of market leases, Kayleigh Inman commented that the service were working towards clearing off traders' arrears which should contribute to the market becoming more profitable and once a trader's arrears had been cleared Service Manager would then issue longer term leases.

7.5 **RESOLVED:** That the Committee:-

- (a) notes the report now submitted; and

(b) agrees to the removal of the following reports from the tracker:

- Payroll Pension Arrangements
- Parking Services Cash Income Collection Contract
- The Markets Service
- Social Care Accounts Service (SCAS) – Residential and Nursing Agreements
- Safeguarding Administration and Guidance
- Payment Card Industry DSS Compliance

## **8. UPDATE ON STANDARDS COMPLAINTS**

8.1 The Director of Legal and Governance submitted a report providing a summary of complaints considered under the Procedure for Dealing with Standards Complaints so far in 2018.

8.2 **RESOLVED:** That the Committee notes the contents of the report now submitted.

## **9. EXCLUSION OF THE PRESS AND PUBLIC**

9.1 **RESOLVED:** That the public and press be excluded from the meeting before discussion takes place on the following item of business (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.

## **10. STRATEGIC RISK MANAGEMENT**

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

10.2 The report and presentation covered the period from January to May 2018. The Corporate Risk Manager, Director of Finance, Director of Legal and Governance and Executive Director, Resources responded to questions from Members of the Committee in relation to the City Council's Budget Position, viability of schools, Universal Credit, Information Technology and Special Educational Needs Learners.

10.3 **RESOLVED:** That the Committee:-

- (a) notes the current assessment of the Council's Risk Management arrangements and endorses the measures being taken to strengthen those arrangements;
- (b) notes the improving trends in management of risks;
- (c) notes the current and emerging risks and endorses the actions being taken to

mitigate those risks; and

- (d) requests that the Overview and Scrutiny Management Committee gives consideration to the inclusion of an item on the roll out of Universal Credit in its work programme early in 2019.

(At this point in the proceedings, the meeting was reopened to the public and press.)

## **11. WORK PROGRAMME**

11.1 The Director of Legal and Governance submitted a report providing details of an outline work programme for the Committee for the period September 2018 – July 2019.

11.2 **RESOLVED:** That the Committee's work programme for the period September 2018 – July 2019 be approved subject to the inclusion of an additional item on Universal Credit at the meeting to be held in January 2019.

## **12. DATES OF FUTURE MEETINGS**

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

- 20 September 2018
- 15 November 2018
- 20 December 2018 (additional meeting if required)
- 24 January 2019
- 21 February 2019 (additional meeting if required)
- 21 March 2019 (additional meeting if required)
- 18 April 2019
- 13 June 2019
- 25 July 2019



## Audit and Standards Committee Report

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

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**Date:** 20<sup>th</sup> September 2018

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**Subject:** Internal Audit Annual Report 2017/18

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

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**Summary:** The purpose of this annual Internal Audit report to Members is to highlight the work that has been undertaken by Internal Audit during the year and supports the Council's Annual Governance Statement (AGS).

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**Recommendations:**

Members are asked to:

Note the content of the report and the opinion of the Senior Finance Manager.

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**Background Papers:**

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**Category of Report:** Open

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## 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 AND STANDARDS COMMITTEE**

20th September 2018

### **Purpose of the Report**

1. The purpose of this annual report to Members is to highlight the work that has been undertaken by Internal Audit during the year. The report provides a review of the performance of Internal Audit for the year 2017/18, gives an opinion on the adequacy of the Council's system of internal control, and supports the Council's Annual Governance Statement (AGS).

### **Introduction**

2. It is a requirement of the Public Sector Internal Audit Standards (PSIAS) that an annual report is produced on the work undertaken by the Internal Audit section. This report has been prepared by the Council's Senior Finance Manager (Internal Audit).
3. It is not the intention of this report to give a detailed summary of every audit that has been undertaken during the previous year, rather to give a broad review of the control arrangements.
4. The Executive Directors are responsible for ensuring that internal control arrangements are sufficient to address the risks facing their Services and Internal Audit assesses the adequacy of these arrangements. Internal Audit provides analyses, appraisals, recommendations, and advice concerning the activities reviewed.

### **Executive Summary of Audit Opinion**

5. From the work undertaken by Internal Audit during the year, I am satisfied that the risk management, governance and internal control framework are adequate to allow the Council to conduct its business appropriately.
6. The Council's Annual Governance Statement (AGS) previously circulated to the Audit and Standards Committee (July 2018) includes one area of significant control weakness relating to the ability to comply with Subject Access Requests (SARs) requirements.
7. An action plan addressing a range of concerns regarding SARs is in place and progress is monitored monthly by the Head of Information Management and the relevant Assistant Director and Service Manager.
8. Internal Audit has investigated or assisted service managers to investigate other allegations of irregularity and associated disciplinary procedures throughout council services (refer to para 47-48 for further details).

9. Internal Audit carried out planned pro-active initiatives in areas of perceived high fraud risk to seek assurance that the selected processes contained robust counter fraud controls, and made recommendations where vulnerability was identified.
10. The Internal Audit service co-ordinated the data review of data matches received from the Cabinet Office as part of the biennial National Fraud Initiative (NFI).
11. A detailed annual report on fraud and investigations was presented to the Audit and Standards Committee in June 2018.
12. A total of 15 audit assignments (compared to 14 for 2016/17) were given an audit opinion of high risk of failing to deliver objectives, and these assignments have been reported to the Audit and Standards Committee. These audits will or have been subject to follow-up reviews to assess progress implementing agreed recommendations, and the outcomes of follow-up work are also reported to the Audit and Standards Committee via the high opinion recommendation tracker.
13. From the routine planned internal audit work undertaken and reported upon during 2017/18, management's response to control issues arising from individual reviews has been positive overall, with actions to further enhance controls being agreed and formally accepted.
14. Implementation of agreed recommendations has generally improved during 2017/18. Follow-up work undertaken as part of progress monitoring for the Audit and Standards Committee highlighted that only 3% of recommendations followed up at July 2018 were still outstanding.
15. Assurance has been taken from the certification of internal control completed by Directors of Service under the AGS arrangements. Legal Services co-ordinated the compilation of the AGS on behalf of the Council, whilst ensuring that responsibility for items included within the statement lies with the senior management of the Council.
16. As the Senior Finance Manager (Internal Audit) I am not aware of any other significant control weaknesses that have not been included within the Council's Annual Governance Statement.

### **Legislation Surrounding Internal Audit**

17. Internal Audit is an independent appraisal function within the Council. The Internal Audit section is part of Finance and Commercial Services, which contributes to satisfying the Executive Director – Resources statutory responsibilities. There are two key pieces of legislation that impact upon Internal Audit in local authorities, these are:

*Section 151 of the Local Government Act 1972 requires that “every local authority ... make arrangements for the proper administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs”. The Council has designated the Executive Director - Resources as the Responsible Financial Officer in relation to this section and one of the ways he exercises responsibility for financial administration is through the work of Internal Audit.*

Internal Audit is a statutory service in the context of the Accounts and Audit Regulations 2015 which state in respect of Internal Audit that:

*“A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices”.*

### **Professional Requirements**

18. In addition to legislation, Internal Audit is governed by policies, procedures, rules and regulations established by Sheffield City Council (the Council). These include the Council’s constitution, financial regulations, standing orders, and conditions of service, codes of conduct for members and officers and other procedural rules.
19. The Internal Audit section also has to meet the standards laid down by professional bodies such as the CIPFA and Chartered Institute of Internal Auditors (CIIA).
20. The PSIAS came into force on 1 April 2013, and replaced the CIPFA *Code of Practice for Internal Audit in Local Government in the United Kingdom, 2006*. The standard was updated in 2017. The PSIAS include key principles that public sector internal audit functions must follow and cover a range of areas including governance, performance standards and reporting requirements.
21. One of the areas where Internal Audit differs from the PSIAS is that there is an expectation that the ‘chief audit executive’ (CAE) will report directly to a member of the management board (EMT).
22. At present the Senior Finance Manager (SFM), who is the designated CAE, reports to the Head of Strategic Finance (Deputy s151 Officer) who reports to the Director of Finance and Commercial Services, who reports to the s151 Officer (Executive Director – Resources). This point has previously been brought to the attention of the Audit and Standards Committee. The SFM does have unrestricted access to other senior officers, including the Chief Executive and to the members of the Audit and Standards Committee, where required.
23. The PSIAS also introduced a requirement for an external assessment of an organisation’s Internal Audit function, which must be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation. Leeds City Council Auditors conducted our PSIAS ‘peer review’ in

2016/17 and the audit report and opinion was presented to the Audit and Standards Committee in April 2017, along with the revised Internal Audit Charter.

24. The opinion provided was that we 'generally conform' which means the assessor has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual standard or element of the Code of Ethics in all material respects. This is the highest assessment opinion that can be given.
25. As part of the standards, Internal Audit is required to undertake regular self-assessments. Following an update of the standards in 2017, a self-assessment was completed in May 2018, and the summarised results are reproduced in Appendix A. The revised self-assessment still shows compliance or partial compliance with 85% of the standard and non-compliance with 3% (12% of the elements are not applicable).
26. Since the external inspection, the SFM in IA has been given management oversight of the External Funding Team, within Strategic Finance. As a result the requirement for organisational independence has been changed to a partial conformance. The revised standards acknowledge that CAE are often assigned other management areas and so adequate safeguards need to be introduced to maintain objectivity and transparency. Safeguarding arrangements to maintain independence and objectivity have been defined and documented and include measures such as amending reporting arrangements for audits of the External Funding Team to ensure these are not reviewed/overseen by the SFM (designated CAE).
27. A further service development, expected to occur during the coming financial year (2018/19) is the integration of the Risk Management function into Internal Audit. Again, safeguards will be introduced and documented.
28. The Quality Assurance and Improvement Programme is included at Appendix B, which includes details in relation to both internal and external assessments.

### **Review by External Audit**

29. External Audit continues to place reliance where appropriate on the work of Internal Audit for the purpose of certifying the Council's published financial statement. External Audit assesses the adequacy of any work undertaken by Internal Audit on which they place reliance.
30. Internal Audit have quarterly 'liaison' meetings with external audit representatives to discuss and share work programmes, progress of work and key findings and recommendations. We anticipate this arrangement will continue with the Council's new (from 2018/19) External Auditors (Ernst and Young).

## **Internal Audit Resources**

31. Internal Audit had an agreed budget for 2017/18 as outlined in the table below, which also summarises the end of year budget position.

2017/18	£	£	£
	Outturn	Budget	Variance
Total	457,611	517,600	(59,989)

32. The underspend for the financial year was a result of a number of officers acting up into temporary posts to support the implementation of a new finance system. Temporary vacancies are notoriously difficult to recruit to, and so agency appointments were engaged (see para 36). In addition, the service has been supported by rotation of CIPFA trainees who are funded centrally.
33. Comparative statistics collated from the core cities' local authorities in the past, showed that for the relative size of the Council, the cost of the audit function in Sheffield is fifth out of seven (there were no figures available for Manchester).
34. The core cities actual comparisons for 16/17 are presented below. The data for 17/18 has yet to be finalised.

	B'ham	N'castle	Sheffield	Notts	Leeds	Cardiff	Glasgow
Gross Cost £000's	1,881	452	486	574	967	498	1,296
FTE	27.27	11.3	11.4	13.93	19.07	10.31	25.18
£m rev cost of SCC covered per FTE in IA	2.46	3.41	2.01	2.57	2.36	1.91	1.81

## **Structure**

35. The current structure of the section is shown in Appendix C to this report. The service currently has 10.73 FTE officers. It should be noted that in December 2017, an Audit Manager went on maternity leave (0.86 FTE) and her duties are being covered internally by the remaining managers.
36. To help alleviate the pressure on the delivery of the audit plan, 2 agency members of staff were appointed (one full time from September until December 2017 and one part time for 8 months (April-June 17, then Sept 17 until March 2018). In addition, a rotation of CIPFA trainees into the team has assisted with resource pressures.
37. The staffing shortages were reported to the Audit and Standards Committee in November 2017 as part of the revised audit plan report.

38. The Internal Audit section strives to maintain high professional standards by employing and training appropriately qualified staff who are members of or actively studying for professional qualifications. The majority of internal audit staff are either professionally qualified, or are actively studying for relevant qualifications. The section includes members of the Chartered Institute of Public Finance and Accountancy (CIPFA), Chartered Institute of Management Accountants (CIMA), Association of Chartered Certified Accountants (ACCA), Chartered Institute of Internal Auditors (CIIA), and Association of Accounting Technicians (AAT).

### **Planning Processes and Performance Monitoring**

39. A report is submitted to the Audit and Standards Committee in April each year to outline how the annual plan is devised. The strategy for Internal Audit work is to focus on areas of high-risk activity in order to provide assurance that risk and internal control systems are being properly managed by Directors in service areas.

40. Management are asked to contribute to the planning process, however the plan and its contents are entirely the responsibility of Internal Audit.

41. The audit plan is discussed with senior managers and ultimately agreed with the Executive Director - Resources.

42. In November 2017, a further report was submitted to the Audit and Standards Committee to explain the changes required to the annual plan as a result of significant transformation programmes that are occurring across all portfolios of the Council, and staffing shortages within Internal Audit.

43. The 2017/18 original plan contained 116 reviews. At the mid-year point 14 reviews were deferred/deleted or replaced due to timing issues and/or other priority reviews being identified within portfolios.

44. The Internal Audit service uses a risk based approach to audit; this is now used almost exclusively for our reviews. This requires closer working with management to identify the risks inherent in the council's activities and then to test the controls that are in place to mitigate these.

45. The audit plan delivery for 2017/18 is as follows:

<b>Audit Area</b>	<b>Original plan</b>	<b>Revised plan</b>	<b>Completed</b>	<b>Deferred</b>
Corporate	8	5	4	1
Place	17	22	16	6
People	37	42	37	5
Resources & ICT	23	19	15	4
Main Financial Systems	10	7	5	2
Benefits / Pro-active Work	8	7	6	1
<b>Total (Planned Reviews)</b>	<b>116</b>	<b>102</b>	<b>83</b>	<b>19</b>

Investigations undertaken			19	
Assistance to man't investigations			39	
<b>Total</b>			<b>141</b>	

46. A total of 83 reviews were completed out of a revised 17/18 plan of 102 or 81%. Some reviews were deferred/deleted due to issues that only became apparent towards the end of the year after the mid-plan had been reported. In addition, the increase in resource dedicated to investigations (over and above that included in the original plan) during 17/18 had a knock-on effect on the delivery of planned audits.
47. Internal Audit conducted 19 re-active investigations and assisted managers with a further 39 re-active investigations. These cases covered all areas of the Council from these false claims for services/benefits (blue badge applications) to theft and falsification of mileage claims. This led to a number of dismissals and other appropriate sanctions. The Police were notified and involved where appropriate. A report of fraud-related activity conducted by Internal Audit was submitted to the Audit and Standards Committee in June 2018.
48. Internal Audit also co-ordinated the review and investigation of the data matches received from the Cabinet Office as part of the statutory biennial NFI (National Fraud Initiative). The latest data matches were received in 2017 and these have all now been completed. For 2017/18, the NFI process returned 16,469 data matches for the Council. These are categorised according to the significance of the matches identified. The most significant matches are those classed as recommended. There were 4,466 matches in this category. The Council has reviewed a total of 4,915 cases from the total data matches and closed these off. The result of this work identified 23 frauds and 138 errors, totalling £189,826. The next set of data will be sent off in October 2018 to begin the next cycle.
49. As the Senior Finance Manager, I am satisfied that the coverage undertaken of the Council's activity by Internal Audit in the past year has been sufficient for me to be able to give an overall opinion on the Council's internal control system/environment.

### **Audit Reporting**

50. Internal Audit reports are typically made up of a number of findings and recommendations. Dependent upon the nature of these findings, the recommendations are given one of four categories – critical, high, medium or efficiency/effectiveness.
51. All Internal Audit reports are then given an overall opinion as to the likelihood of the service/system under review being able to meet its objectives. There are four categories of opinion. These are:
- The risk of the activity not achieving its objectives is **high**.

Internal Audit's overall opinion is that controls to manage the operational risks are not present or ineffective.

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

52. The opinions relate to the system at the time of the review and do not take into account the effects of the agreed recommendations. Internal Audit follow-up on the recommendations made, in a process that increases in relation to the significance of the opinion.

53. To give an indication of the risk profile, for audits carried out following the standard risk based approach, results were:

High	15 reports
Medium High	28 reports
Medium Low	17 reports
Low	4 reports

54. In addition, Internal Audit undertook 28 pieces of productive work across the Council that did not generate an opinion therefore do not appear in the breakdown above – for example grant work or account sign-offs. This included 16 pieces of follow-up work which were completed during 2017/18. (Note: the outputs above includes 9 pieces of work completed during 17/18 which were started in 16/17 – effectively year end work-in-progress).

55. A summary of the key actions arising from the medium-high opinion audit reports are included in Appendix D, as requested by members last year.

56. It should be noted that although the vast majority of recommendations made by Internal Audit are agreed by management, there are occasions where recommendations are not agreed. In such instances Internal Audit outline the potential risks. A judgement is drawn by management in Internal Audit and where the risk is significant this will always be escalated to senior management to ensure that they are aware of the decisions made. Ultimately non-agreement of recommendations can be reported to the Audit and Standards Committee to enable managers to justify their actions.

## **Reviewing the Service**



57. Internal Audit is constantly striving to improve the service that it provides to the Council. Listed below are the processes that the service undertakes to encourage improvement:

- Internal Audit work on the main financial systems is subject to some level of examination by the Council’s External Auditors. They need to be assured that the service meets the standards required in order that they may place reliance on the work of Internal Audit for the final accounts audit.
- Internal Audit has a number of performance indicators which it uses to improve performance. The key targets are highlighted within the annual FCS service plan and are shown below.
- All audit reports are issued with a standard questionnaire which requests client feedback on a number of aspects of the audit process including usefulness and conduct of the audit (see graph at para 57). The questions are analysed and used as part of the core cities comparisons.

58. The achievement of the performance targets is shown in the table below:

	2017/18 Target	2017/18 Achievement	2016/17 Achievement
<b>PERFORMANCE TARGETS</b>			
▪ Progress work to agreed work programme	90%	81%	88%
▪ Conduct a minimum of 4 pro-active fraud reviews	4	3 complete	4
▪ Quality measures – average >85% scoring good or better on customer questionnaire	85%	100%	100%

59. Performance against the delivery of the plan for 17/18 is noticeably below the target. As outlined above, the increase in the number of investigations conducted – either solely by IA or in conjunction with service management – has had a detrimental effect on the number of planned audits completed. Whilst this work is productive, because it is unplanned, it is not included in the figures above. In addition, because of the transformational change programmes across the Council some planned audit could not be delivered. Finally staffing shortages at periods throughout the year have impacted on delivery of planned reviews.

60. Customer satisfaction questionnaires scores are seen to be excellent; however work is required to increase return rates (6 surveys were received in 17/18).

61. Internal Audit managers review the performance indicators on a quarterly basis and determine what action can be taken. The performance indicators are also discussed with all audit staff at service planning meetings, to help identify ways

of improving service delivery and performance targets. They are also discussed during the Performance Development Reviews (PDR's) with individuals.

62. Going forward for 18/19 onwards, the Internal Audit PI's have been amended due to the introduction of the Business Partnering call-off resource for use by Portfolios to assist with their change programmes. As outlined in the Internal Audit planning report presented to the Committee in April, an allocation of internal audit resource has been re-assigned from assurance work to offer advice and guidance as change projects occur – we have entitled this **Internal Audit Business Partnering**. By reassigning some of the available resource, we are aiming to take a pro-active, supportive role to assist services in embedding change.
63. As a result of this change, and the consequent issue of this responsive productive work not contributing to the existing PI's, the following PI's will be monitored and reported to the Audit and Standards Committee in next years' annual report:
  - a. % of audit resource spent on productive activities – Target 88%
  - b. No of assurance reviews delivered by June 19 – Target 90
  - c. No of days of business partnering activity delivered by year end – Target 300 days

### **Chief Audit Executive's (Senior Finance Manager's) Opinion**

64. The Council has a system of internal control designed to manage risk to a reasonable level. Internal controls cannot eliminate the risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.
65. With an organisation as large and complex as the Council, some controls will inevitably fail or some risk will materialise which could not reasonably be foreseen.
66. From the work undertaken by Internal Audit during the year however, I am satisfied that the risk management, governance and internal control framework are adequate to allow the Council to conduct its business appropriately.

### **FINANCIAL IMPLICATIONS**

67. There are no direct financial implications arising from the report.

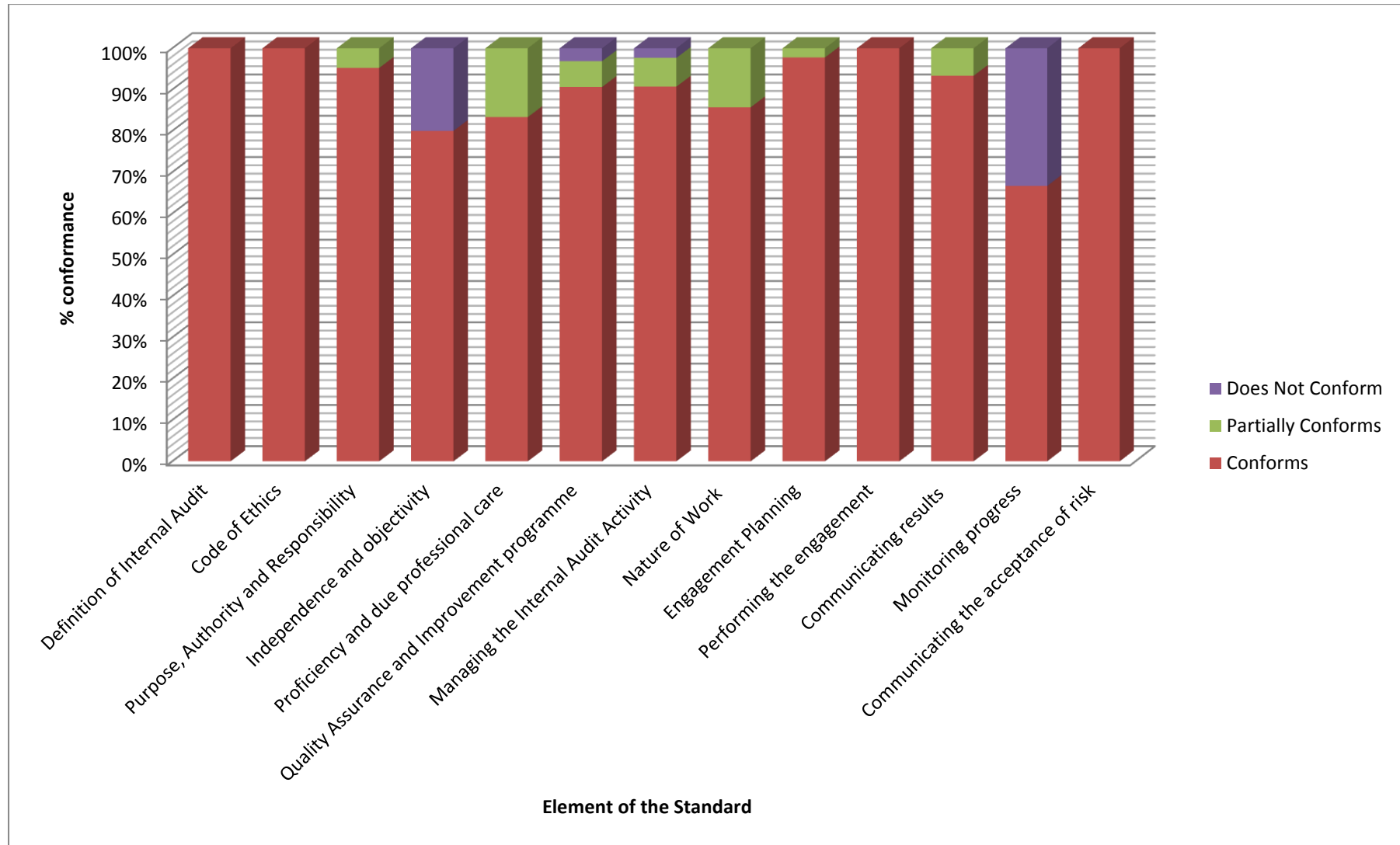
### **EQUAL OPPORTUNITIES IMPLICATIONS**

68. There are no equal opportunities implications arising from the report.

## **RECOMMENDATIONS**

69. That the Audit and Standards Committee notes the content of the report and the opinion of the Senior Finance Manager.

**Kayleigh Inman**  
**Senior Finance Manager**



	Definition	Code of Ethics	Attribute Standards				Performance Standards						
Ref	1	2	3.1	3.2	3.3	3.4	4.1	4.2	4.3	4.4	4.5	4.6	4.7
Partially Conforms			3.1.10i		3.3.41 3.3.46 3.3.52	3.4.73 3.4.74	4.1.84 4.1.93 4.1.103	4.2.121a-c 4.1.123	4.3.133d		4.5.184 4.5.187g 4.5.202i		
Does not conform				3.2.17 3.2.21e 3.2.22 3.2.23 3.2.28 3.2.33		3.4.72	4.1.110					4.6.204	
n/a			3.1.10n 3.1.10o	3.2.29 3.2.32 3.2.36 3.2.37	3.3.48a-c	3.4.77	4.1.88 4.1.98 4.1.99 4.1.116	4.1.127 4.1.128 4.1.131	4.2.135a-c 4.2.136a-c 4.2.137 4.2.145 4.2.146 4.2.147 4.2.154 4.2.155 4.2.156	4.4.169	4.5.185 4.5.186 4.5.188 4.5.190a-c 4.5.200 4.5.202c-e	4.6.206	

**Sheffield City Council  
Internal Audit Quality Assurance & Improvement Programme**

**Introduction**

Internal Audits Quality Assurance and Improvement Programme (QAIP) is designed to provide reasonable assurance to the various stakeholders of the service that Internal Audit:

- Performs its work in accordance with its Charter, which is consistent with the Public Sector Internal Audit Standards (PSIAS), definition of internal auditing and code of ethics;
- Operates in an efficient and effective manner;
- Is adding value and continually improving internal audits' operation.

The Senior Finance Manager, Internal Audit, is ultimately responsible for the QAIP, which covers all types of internal audit activities. The QAIP must include both internal and external assessments. Internal assessments are both ongoing and periodical and external assessments must be undertaken at least every 5 years.

**Internal Assessments**

Internal assessments are made up of both ongoing reviews and periodic reviews.

**Ongoing Reviews**

Ongoing assessments are conducted through:

- Supervision of each audit assignment
- Regular, documented review of working papers during assignments by appropriate internal audit staff;
- Review of procedures used for each assignment to ensure compliance with the applicable planning, fieldwork and reporting standards as outlined in the quality procedures manual;
- Feedback from customer surveys on individual assignments;
- Analysis of key KPI's established to improve internal audit effectiveness and efficiency;
- Review and approval of all high opinion draft and final reports by the Senior Finance Manager;
- Review and approval of all medium-high, medium-low and low opinion draft reports by the Finance Managers.

**Periodic Reviews**

Periodic assessments are designed to assess conformance with Internal Audit's Charter, the Standards, the Definition of Internal Auditing, the Code of Ethics and the efficiency and effectiveness of internal audit in meeting the needs of its various stakeholders. Period assessments will be conducted through:

- Quality audits undertaken on a scheduled basis for performance in accordance with Internal Audit's Quality Procedures Manual;

- Review of internal audit performance KPI's by the Audit Management Team on a quarterly basis;
- Quarterly performance reporting to the Director of Finance and Commercial Services and annual reporting to the Audit and Standards Committee;
- Annual benchmarking exercise with core city authorities on cost and productivity.
- Annual self-reviews of conformance with the Public Sector Internal Auditing Standards.

Any resultant action plans will be monitored by the Senior Finance Manager (Internal Audit) on a quarterly basis.

### **External Assessment**

External assessments will appraise and express a judgement about Internal Audits' conformance with the standards, definition of internal auditing and include action for improvement, as appropriate.

An external assessment will be conducted every 5 years by a qualified, independent assessor from outside the council. The assessment will be in the form of a self-assessment with independent external validation. The format of the external assessment will be discussed with the Audit and Standards Committee.

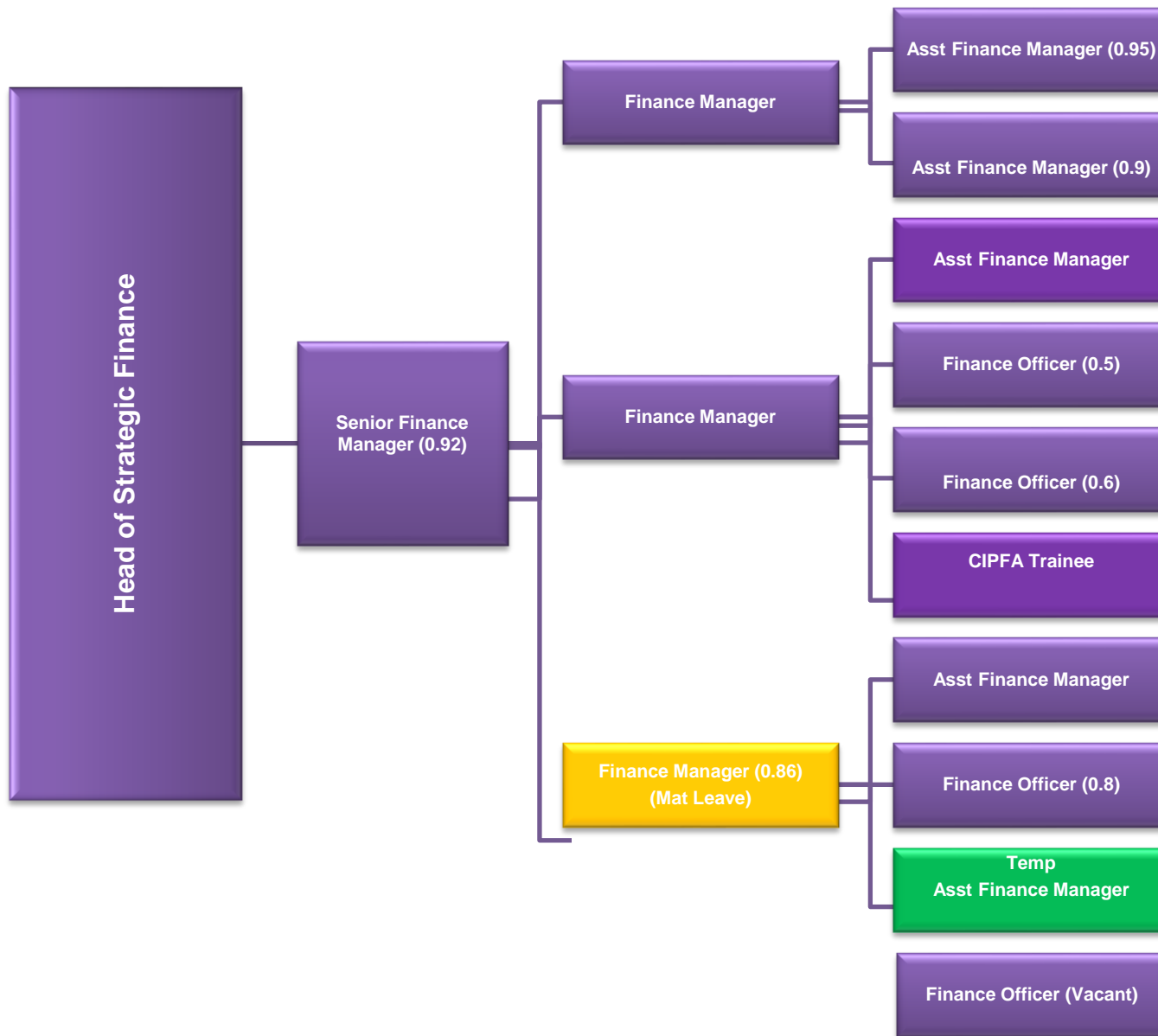
### **Reporting**

Internal assessments – reports on performance will be made to the Audit and Standards Committee on an annual basis.

External assessments – results of external assessments will be reported to the Audit and Standards Committee and Section 151 Officer at the earliest opportunity following receipt of the external assessors report. The external assessment report will be accompanied by an action plan in response to any significant findings and recommendations contained in the report.

Follow-up – the Senior Finance Manager, Internal Audit will implement appropriate follow-up actions to ensure that recommendations made in the report and actions plans developed are implemented in a reasonable timeframe.

Updated July 2017





**Summary of the key actions arising from Medium-High Opinion reports issued in 2017/18**

**Resources**

**MFS Creditors – P2P Audit Review (b/fwd)**

**High Priority Actions**

- Officers authorising supplier invoices should be reminded of the requirements to obtain/retain proof of delivery;
- All officers authorising the payment of invoices received before the purchase order date should be reminded this contravenes Contract Standing Orders and could result in disciplinary action;
- All orders with a value above the tendering thresholds should be subject to peer review.
- 10% of orders with a value above the threshold for written quotations should be subject to peer review.

**Housing Benefit Review (b/fwd)**

In 2015/16 new claim assessments and error rate performance targets were not achieved. The error rate performance target was not achieved throughout 2015/16, with quarterly error rates of Q1-11.25%, Q2-13.10%, Q3-13.20% and Q4-15.13%.

No penalties / performance deductions for 2015/16 were made due to commercial reasons.

A review of the error rates for 2016/17 was also undertaken. It identified that the error rate performance target had again not been achieved, with quarterly error rates of 19.3%, 16%, 14.6% and 18.1% respectively.

Discussion with Revenues and Benefits client team management revealed that a rectification plan regarding error rates has been formally requested from Capita. The rectification plan is to be audited in 2017/18.

**Achieving Savings Resources Portfolio 16/17 (b/fwd)**

Although the year end budget position is forecast to be balanced, this has not been achieved by fully implementing the budget savings agreed by Cabinet at the very start of the budget process.

Within Resources, the overall position was monitored and managed through the implementation of alternative savings proposals. A medium-high opinion is given to reflect the fact that these alternative proposals helped achieve a balanced position.

### **High Priority Actions**

- SharePoint to be updated to flag whether cross Portfolio impacts have been considered;
- Work on communicating the budget position across the Council to be undertaken with EMT and the Directors Group;
- Introduce in-year substituted savings process to ensure new/amended proposals are subject to sufficient scrutiny.

### **Lord Mayors Office and Civic Reception**

Whilst it is acknowledged there is a wealth of experience in the Lord Mayor's Office team there is a concern that individual staff are relied upon 'to know' how to organise Civic Receptions and there is a lack of business continuity provision and succession planning in the service.

Staff have adapted to the reduction in budget well and it is evident that savings have been made whilst still trying to ensure the stature of the Lord Mayor's Office when hosting events.

### **MFS National Non-Domestic Rates (NNDR) System**

- All statutory demands raised should meet the appropriate criteria. This should be checked by an appropriate senior officer/manager before a statutory demand is raised.
- The service should continue their close scrutiny and perform their planned review in the final quarter. This will ensure improvements are made by Capita in line with their recommendations and timescales.

### **Corporate Risk Management**

#### **High Priority Actions**

- Portfolio Risk Leads should remind all service areas of the requirement for risks to be reviewed on at least a quarterly basis, and this should include updating the Residual Risk Score.
- Risk Management Plans on SharePoint should be kept up to date and accurate as this is a vital source of data upon which management decisions are based.

## Credit Card Review

### **High Priority Actions**

- There should be a review of the transaction categories for which the cards can be used (Cash transactions are blocked).
- Cards are being used to purchase items from suppliers where there is a contract in place, contrary to the requirements of the Council for the use of card.
- The cards are being used for travel arrangement, where there is a contract in place; contrary to the requirements of the Council for the use of card.

## AIM-AXIS - Application Review – Implementation

### **High Priority Actions**

- Review and update the system's Access Control Policy.
- Reduce the 90 day expiry date for users not logging on to the system.
- Review current active users with system administrator access for appropriateness.
- Explore the capability of the audit log facility and how this can be used for proactive monitoring of the system going forward.
- Explore the need to document the key steps to be undertaken by all users if the system experiences a significant period of downtime.

## Pro-Active High Fraud Risk Analysis

### **Executive Summary**

With a highly complex and diverse organisation such as the Council is appreciated that the risk of fraud will never be eliminated, the key is that it is identified and managed in an appropriate manner.

Fraud risk management across SCC has greatly improved over the last 10 years. The introduction of risk management framework and fraud risk management guidance, training and assessments have all contributed to a greater understanding of the risks faced by the Council.

High risk fraud types are predominantly, but not exclusively, found in service areas that handle cash, have remote / off site working and / or work with vulnerable service users.

Over the past two years Internal Audit has noted an increase in the fraud allegations relating to staff working off site. Such allegations include timesheet fraud, inappropriate use of IT, excessive use of non-Council websites and theft. It is not possible to say if this is due to an increased prevalence of this type of fraudulent activity or because the controls in place and particularly whistleblowing are operating more effectively to highlight the cases when they occur.

In some cases service management have had difficulty investigating the cases as basic controls such as timesheets and activity records had not been completed. All staff should

be reminded that such basic correctly completed controls not only protects the council and allows for accurate monitoring of activity to take place, but can also protect individuals from malicious allegations. Also, in relation to off site visits, staff whereabouts must always be known, to ensure their wellbeing and compliance with Health & Safety.

Internal Audit has the delegated responsibility to record allegations of fraud, theft and corruption relating to SCC officers and members on behalf of the Section 151 Officer of the Council. There is still an apparent lack of awareness that allegations must be reported to Internal Audit, as soon as service management are aware of them. Work continues with Human Resources to ensure allegations reported to HR are also then notified to Internal Audit in a timely manner. This is because allegations are often routed through them in the first instance, and are often presented as issues with employees rather than as fraud. Information Management Team has been proactive in notifying Internal Audit of data related potential misconduct cases, where service management and HR have not yet done so.

## **People**

### Sheltered Housing (b/fwd)

#### **High priority Actions**

- The real time monitoring system should be implemented. This will provide information to confirm that service provision is adequate and provides value for money against the service charge being levied per tenant;
- A review of the service charge should be undertaken to ensure the final charges are accurate and fair.

### Care Leavers in Education, Employment or Training (EET)(b/fwd)

At the time of the audit, there is a significant amount of change taking place that could have an impact on the services/support provided to care leavers; Restructuring is taking place across CYPF following its amalgamation into 'Peoples' portfolio, in addition to internal recruitment being undertaken within 'Children and Families' that may result in a new post holder being allocated responsibility for care leavers. There is also an outstanding funding bid, which will have an impact on the way services are delivered, depending on whether this is successful or not.

#### **High Priority Actions**

- An 'in date' Corporate Parenting Strategy needs to be finalised and published as soon as possible;
- The local offer for care leavers should be published as soon as possible, and to ensure awareness, should be separately produced and clearly signposted within the Sheffield Council Website and Sheffield Directory;
- the key reporting statistics should be improved to at least the national average, or at least set these as performance targets, with regular monitoring and action taken where necessary;

## Better Care Fund Financial and Performance Monitoring

### **High Priority Actions**

- Executive Management Group (EMG) should seek to align the current suite of performance metrics to areas of financial monitoring. This should then enable areas of poor performance to be identified and targeted. (High priority)
- EMG meeting minutes should be more detailed, capturing how the EMG are managing the overspend via the various improvement and recovery boards in place across SCC and the CCG; including work being undertaken by the EMG working group. (High priority)

## Independent Sector Provision – Home Care

### **High Priority Actions**

- More robust sample testing on service users' invoices is required
- A Process should be developed to address providers who routinely invoice too much
- More stringent tests are required on temporary additional support
- Penalties should be introduced within for future tender specification/contracts

## Community Equipment Pooled Budget Arrangements

Internal Audit note that during the audit, evidence has been seen of action being undertaken by SCC staff to identify areas of high spend, and of proposals being made regarding areas where potentially, savings can be made/achieved. However, these have yet to be fully implemented, and therefore at the present time, there is still an ongoing budget overspend position which has not been addressed, and requires additional SCC funds to 'top up'.

In addition, it has become apparent that the monthly invoices submitted by BRC and paid, have not been fully reconciled/agreed against the transaction documentation provided.

## Owler Brook Primary

### **High Priority Actions**

- An appropriately sized deficit license should be obtained.
- Where possible, it is recommended that the school conduct internal stress testing on the budgets and spending plans to determine the impact of various scenarios on the final outturn of the school.
- Only the named cardholder is responsible for the transactions on their procurement card. The school may wish to consider changing the name of the current cardholder or obtaining additional cards in order to overcome the 'shared' card issue.

- The limit on the cards should also be revised so that it is in line with current guidance. Currently, this is recommended at £2,000 per month for Primary Schools.
- The school should ensure that expenditure on catering is not made on procurement cards.
- Use of the Amazon Prime subscription benefits should be limited only to school activities.
- The school should continue to investigate the highlighted erroneous transaction and liaise with Internal Audit to discuss the outcomes and actions taken.

### Nether Green Infants

#### **High Priority Actions**

- The Headteacher should develop a risk management plan.
- To help strengthen the procurement process, it is recommended that the school:
  - Ensures all PO's are matched with an invoice and GRN. Any occasions where this matching has not taken place within 30 days of the PO being raised should be investigated.
  - Ensure all invoice certification slips are appropriately signed.
  - An appropriate number of quotes are obtained to ensure value for money is met. These limits should be defined in the school's finance policy.
  - Chase suppliers for formal VAT invoices where one has not been provided.
- The named procurement card holder is responsible for the assigned card's use and it should be retained by that named officer in a secure location. A procurement card should not be shared between members of staff.

### Social Care Accounts Service - Debt Management Team

Controls to manage operational risks are in place, though some have not been operational for all of the financial year because of the introduction of Integra, and some action has yet to be implemented. Action is required in key areas to ensure that debt recovery activities are carried out in accordance with the Council's Financial Regulations. In other areas, there is scope to improve the operation of controls to ensure the maximisation of income due to the Council and reduce costs.

#### **High Priority Actions**

- The SCAS Service Manager should prepare and submit a case for the amendment of Financial Regulations (7.3) relating to the payment of fees and charges.

### Social Care Accounts Service – Payments Team

Internal Audit found that SCAS were expected to pay invoices received for care provided, regardless of what the agreed Purchase Request Form (PRF) stated:

- For Home Care, invoices were submitted and paid based on the Real Time Monitoring system information received i.e: time actually spent, irrespective of what had been agreed on the initial care package.
- For Day Opportunities (Framework), invoices for care packages in excess of the amount agreed on the PRF were being paid, as Social Workers could agree extra care, without a requirement to submit a revised PRF.

Of concern was that a decision had been made by senior management within Adult Social Care and Commissioning that providers had been given consent to vary packages by up to 7 hours for up to 6 weeks without reference back to Sheffield City Council.

This has the potential for SCAS to make overpayments where care may not have been provided. Additionally it was not clear what monitoring was undertaken within the payments team to ensure that the time limits etc had not been exceeded.

Both of these scenarios had led to overpayments being made, over and above the original PRF's.

### **High Priority Actions**

- Additional care to be notified and authorised to SCAS
- Monitoring of overpayments to be undertaken via the production of an exception report
- PRF's and invoices should be checked prior to being paid to ensure the amounts being invoiced are as per the care package
- Fraud risks to be identified and managed

### **Payroll Controls in Schools – Themed Review**

All 20 schools sampled provided a completed CRSA questionnaire. Internal Audit has based the majority of the findings on the written detail provided in the CRSA questionnaire, and on occasions supporting evidence.

The responses recorded on a number of CRSA questionnaires had limited supporting evidence with only 12 schools returning any evidence at all. For example, only seven of the responses provided a copy of their SLA with Capita. All 20 sampled schools use Capita as their payroll provider.

The Director of Business Strategy 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 or skills, reduced resources and increased workloads.

## **High Priority Actions**

- Schools should consult their SLAs to ascertain how many days' notice has been agreed and ensure that Capita are delivering this before taking the direct debit.

## Section 17

### **High Priority Actions**

- Given the budget position, spending requests should be authorised by appropriate personnel prior to the service/expense being undertaken/incurred;
- SAF's should be logged centrally and accruals raised on Integra to reflect these financial commitments;
- Policies and working practices should be reviewed to establish whether there is any scope to amend the level of financial support being provided whilst adhering to the legal framework;
- Action needs to be taken to address the overspends that are occurring. Detailed guidance on eligible expenditure will help to ensure only legitimate expenditure is funded from S17.

## Children and Families Service Improvement Plan

Following from the previous Ofsted Inspection, the service has undertaken a gap analyst to identify the areas where the service had deficiencies and needed to improve. The service has made steady progress in developing and implementing the plan since the initial work. There are still actions that need to be completed, but the plan is showing approximately half of the actions (green) fully implemented. This review was only a snap shot in time and if progress is maintained and all actions are completed, this should ensure that the service will ultimately meet its objectives.

The Service is still projecting a significant overspend to the year end. Part of the role of the action plan is to address these overspends by bringing in new ways of working. The report does not make any recommendations regarding the current overspend as this is intrinsic to the elements of the action plan. When the action plan is completed, this should reduce the level of overspend.

### **High Priority Actions**

- The introduction of SMART targets to allow for better monitoring of progress;
- The recording of meetings where key decision relating to the plan are made.

## **Place**

### CCTV (b/fwd)

### **High Priority Actions**

- Establish a register of all CCTV Systems operating across the Council.



- Ensure that all CCTV systems are being operated in line with appropriate law/regulations. Remove CCTV systems that are no longer required/have no cost benefit.
- Review potential for income generation.
- Implement a Corporate process for the procurement of CCTV systems.
- Develop an appropriate model for supporting maintained schools with CCTV systems.

#### Achieving Savings 16/17 Place Portfolio (b/fwd)

Although the year-end budget position is forecast to be balanced, this has not been achieved by fully implementing the budget savings agreed by Cabinet at the start of the budget process.

Within Place, the overall position was monitored and managed where necessary through the implementation of alternative savings proposals. A medium-high opinion is given to reflect the fact that these alternative proposals helped achieve a balanced position.

#### Olympic Legacy Park (b/fwd)

Assurances have been provided by the Executive Director of Resources that current proposals, drawn up prior to Internal Audit reporting, will bring about a re-focussing of project strategy and so ensure the re-establishment of those controls. This is reflected in Internal Audit's overall evaluation for the project.

#### **High Priority Actions**

- The Council's representative on Legacy Park Ltd (LPL) Board of Directors should work with the company Board to develop and adopt a suitable company Business Plan.
- Whilst acknowledging the autonomy of the LPL company, the business plan should incorporate the relationship with the Council and its objectives, as well as strategies and timescales for achieving those objectives.
- Where a company is acting on behalf of the Council (in this instance, for the delivery of the OLP project), both parties should enter in to detailed agreement formalising all aspects of that relationship.
- The Council should not accept responsibility as Accountability Body for any external funding agreements negotiated by third parties without having had input to the application process.

#### Integrations of Housing Service – Engagement with TARA's

#### **High Priority Actions**

- A TOR for the Community Engagement and Governance Team should be produced for onward circulation to all TARAs.

- The levy formula should be revised.

### Homelessness Prevention and Management

#### **High Priority Actions**

- Data management controls should be addressed
- Creation of audit trail on key data changes and training notes to be devised
- Trusted Assessors to have data sharing agreements in place
- Security breach policy to be developed and implemented.

### Place Change Programme - Implementation Stage

The Audit Opinion was based on a number of issues regarding the Capita Transformation Team contract and performance monitoring. The recommendations related to contractual and governance arrangements for the delivery of subsequent phases of the Place Change Programme, as well as any further contracts awarded to the Capita Transformation Team by the Council. As such, these were referred to Commercial Services management, responsible for future contractual arrangements.

#### **High Priority Actions**

- The Capita Implementation Director should be required to address concerns regarding the assumption applied by the contractor's officers in calculating the individual initiative benefits figures.
- PCP governance arrangements should specifically include the monthly monitoring of the contractor's performance.
- The Phase 1 contract, as well as any subsequent Transformation Team contracts, should be sufficiently detailed to provide robust governance arrangements as well as an effective performance monitoring framework.

### Programme Boards – Capital Slippage

Since a number of recommendations within this report are of a strategic nature we have allocated these to the Chair of the Capital Programme Group (CPG) so that they can be taken forward for consideration. The operational findings and recommendations have been assigned to Capital Delivery Service (CDS).

#### **High Priority Actions**

- Contingency pots, including any savings from tendering, should be allocated to project budgets;
- In-year reported values of slippage are potentially misleading;

- Underspends should not be used to extend the scope of projects without formal approval;

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## Audit and Standards Committee Report

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**Report of:** Executive Director of Resources

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**Date:** 20 September 2018

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**Subject:** Data Protection – General Data Protection  
Regulations Compliance Update

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**Author of Report:** Mark Jones  
Data Protection Officer / Senior Information  
Management Officer

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### **Summary:**

To provide an update to the Council's position in preparing for and complying with the General Data Protection Regulations and the Data Protection Act 2018, both of which came into effect on May 25<sup>th</sup> 2018, the latter replacing the Data Protection Act 1998.

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**Recommendations:** To note the actions to date and support the ongoing work.

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**Background Papers:** Audit Committee Reports: 27 April 2017, 11 January 2018

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**Category of Report:** OPEN

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## Statutory and Council Policy Checklist

<b>Financial Implications</b>
NO:
<b>Legal Implications</b>
YES
<b>Equality of Opportunity Implications</b>
NO
<b>Tackling Health Inequalities Implications</b>
NO
<b>Human rights Implications</b>
NO:
<b>Environmental and Sustainability implications</b>
NO
<b>Economic impact</b>
NO
<b>Community safety implications</b>
NO
<b>Human resources implications</b>
NO
<b>Property implications</b>
NO
<b>Area(s) affected</b>
None
<b>Relevant Cabinet Portfolio Member</b>
Councillor Olivia Blake, Cabinet Member for Finance
<b>Is the item a matter which is reserved for approval by the City Council?</b>
NO
<b>Press release</b>
NO

## Data Protection – General Data Protection Regulations Compliance Update

### 1.0 INTRODUCTION

- 1.1 This report is an update to the work carried out within the Council to help prepare for and comply with the new data protection legislation that came into effect on May 25<sup>th</sup> 2018.
- 1.2 This report follows the two previous reports presented to the Audit and Standards Committee about the General Data Protection Regulations (GDPR) and the actions taken (27<sup>th</sup> April 2017 and 11<sup>th</sup> January 2018 respectively).

### 2.0 BACKGROUND

- 2.1 The GDPR came into effect in May 2018 with the aim to bring data privacy legislation up to speed with globalisation and technological advancements; and have a coherent approach to data privacy within Europe with all EU Member States following the same rules.
- 2.2 The Data Protection Act 2018 also came into effect on May 25<sup>th</sup> 2018, so that UK law would align with GDPR and replace the Data Protection Act 1998.
- 2.3 In 2017, the Head of Information Management set up a project team, with representatives from each portfolio, to work together to identify the work needed to comply with the new data protection requirements. This work included:
  1. **Discovery** to identify the business activities that process personal data and to gather information to determine if the processing complies with the GDPR requirements. The scope of the discovery focused primarily on the activities processing large amounts of personal data or where the processing was considered to be high risk (e.g. confidentiality) and resulted in the creation of the Record of Processing Activity.
  2. **Awareness** amongst our staff, third party contractors and processors that data protection was changing to help ensure they understand their obligations and take the necessary actions to comply with the law and to be able to demonstrate that compliance. This has been carried out in a number of ways including through data protection drop in sessions and training workshops; briefings, newsletters and updates; e-learning and supporting literature.
  3. **Gap Analysis** between the Council's current practice and the data protection requirements identified where work was required. The

GDPR and supporting guidance from the EU's Article 29 Working Party provided a steer to what work was needed, but the Council (and other UK organisations) also needed the Data Protection Act 2018 to make clear any additional requirements or differences from GDPR. The Information Commissioner's Office has and continues to produce this guidance, which the Council uses to develop and implement best practice. An update of the actions taken is covered in Section 3.

### 3.0 MAIN BODY OF THE REPORT

Including Legal, Financial and all other relevant implications (if any)

3.1 The table below lists the main actions that were identified during the project and work taken to date:

Area	Main actions identified	Status - January	Update - September
Consent	<p>Only use when there is no legal power/ statutory duty available. This is in line with the Information Commissioner's Office advice.</p> <p>Update communications in line to the Act so that when consent is used it's clear to the person consenting what they are consenting to, and includes for example the ability to opt out at any time.</p> <p>Ensure that only "Opt In" is adopted when consent is required and that when consent has been provided it is through an affirmed action.</p>	<p>As part of stage one the council assessed where we have asked individuals for their consent to use their personal data.</p> <p>From January onwards we intend to update communications and guidance so that when Consent is required it adheres to the requirements of the new legislation.</p>	<p>Completed.</p> <p>Workshops and guidance provided to officers up until July 2018 to help distinguish the difference between consent and fair processing.</p> <p>Consent is not the preferred legal basis to process personal data, but where it is necessary, it will be an affirmative and transparent action.</p>
Subject	Update	Communications	Completed.



<p>Access Requests (request for personal data)</p>	<p>communications and Standard Operating Procedures (SOP) to reflect changes, e.g. statutory period to complete a Subject Access Request.</p> <p>Ability to provide that request electronically to the customer.</p>	<p>and operational guidance will be updated as part of stage 3.</p>	<p>SAR - Standard Operating Procedure updated and continuously reviewed to improve performance.</p> <p>NB. SAR performance is lower than the Council's target and additional resources are being committed to resolve the issue</p>
<p>Retention</p>	<p>Embed existing retention periods into working procedures for paper and electronic information.</p> <p>Raise awareness and update schedules within existing retention policy.</p> <p>Commence further work around Records Management to support access and retrieval and disposal (paper and electronic information).</p>	<p>Some initial work has already taken place regarding our existing retention policies.</p> <p>Further work will continue as part of stage 3.</p>	<p>In progress.</p> <p>Retention Schedule currently being collated and will be validated by Portfolio Services.</p> <p>Schedule to be published on the Council's web site by December 2018.</p> <p>BCIS commissioned a review of the current records management position, which has consulted with officers across the Council, to determine the key challenges.</p>

			Findings will inform the Information Management Strategy
Contracts	<p>Review and update existing contracts where personal data is processed / shared.</p> <p>Adopt when available Crown Commercial Services terms and conditions to new contracts.</p>	<p>Commercial Services informed existing suppliers of the changes in Data Protection legislation.</p> <p>Within Stage 3 changes in contracts will be put into place where required.</p>	<p>In progress.</p> <p>Model contract updated to include data protection references.</p> <p>Letter of contract variation issued and contracts updated.</p> <p>Work ongoing to ensure all new and existing contracts comply.</p>
Privacy Notices	<p>Review and update privacy notices so that they are in line with the requirements of the new Data Protection legislation.</p> <p>Update the Councils main privacy notice and adopt a tiered approach to privacy notices, as outlined by the Information Commissioners Office.</p>	<p>We have assessed some existing privacy notices and rewritten some initial guidance based on ICO guidance.</p> <p>Workshops are planned in January and February with staff that may need to rewrite privacy notices.</p>	<p>In progress.</p> <p>Workshop training provided and well attended.</p> <p>Privacy notice guidance and template produced for officers to use.</p> <p>Privacy notices in place e.g. application forms, call centre voice recordings, website.</p> <p>To publish the key privacy notices onto the Council's</p>

			web site by the end of September 2019.
Capability of IT system/ technical and non-technical controls.	<p>Ensure that technology used can delete and manage records in line with retention/ consider workarounds where there is no alternative.</p> <p>Ensure that appropriate controls (technical and non-technical) are in place to safeguard personal data.</p>	<p>An initial assessment was undertaken in stage one.</p> <p>We aim to address any necessary changes through contractual changes so that any new requirements are detailed appropriately.</p>	<p>In progress.</p> <p>IT Applications are being assessed as part of the IT Strategy (Tech2020), which will identify applications that do not or cannot delete personal.</p>
Information Governance Policies and Procedures/ Dashboard	<p>Refresh existing Information Governance policies and procedures in line.</p> <p>Development of a dashboard to support reporting on compliance to the Act that aligns to risk management reporting.</p> <p>Create new Information Governance polices that will support the accountability principle of the Data Protection Act.</p>	This will be developed in stage 3.	<p>In progress.</p> <p>Documents and Records Management Policy rewritten in Jan 2018.</p> <p>Data Protection Policy rewritten to line with GDPR;</p> <p>ICT Acceptable Use Policy under review to be replaced by new Information Security Policy.</p> <p>Both policies to be reviewed by HR and Trade Unions</p>
Data Protection Officer (DPO)	Ensure that reporting from the DPO is embedded into existing risk	Discussions have already taken place with Internal audit and	<p>In progress.</p> <p>Data Protection Impact</p>

	<p>management audit and annual governance procedures.</p> <p>This includes the council's Annual Governance Statement.</p> <p>Ensure that Data Privacy Impact Assessments are signed off and the necessary controls in place.</p>	<p>legal to ensure that any reports from the DPO align to existing risk management procedures.</p> <p>Report produced by April detailing the responsibilities of the DPO and overall governance.</p>	<p>Assessments guidance and template in place referring to Data Protection Office role.</p> <p>DPIAs to form part of business change and project governance and Annual Governance Statement</p>
Accountability	<p>Ensure sufficient evidence is created to demonstrate compliance with data protection.</p>	<p>To be covered in stage 3 – implement changes and review</p>	<p>In progress.</p> <p>Record of Processing Activity (ROPA) has been created from the initial discovery survey identifying key business activities and the types of data being processed, which provides the means to document compliance with data protection.</p> <p>The ROPA includes data fields for: legal basis, privacy notices, data protection impact assessments, information sharing agreements, retention, which are also key</p>

			features measured as part of the Annual Governance Statement.
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3.2 As shown above, compliance to GDPR and data protection is an ongoing activity, so the GDPR project and working party finished in July and the work to develop and maintain compliance moved to the Information Governance Working Group to be part of business as usual.

3.3 As part of the above transition, the GDPR project plan has been updated to set out the tasks and activities that are still required. This action plan will be used by the Information Governance Working Group representatives to work within their respective portfolios to ensure data protection is embedded into working practice, which can be monitored and measured with the Annual Governance Statement.

**4.0 RECOMMENDATIONS**

4.1 To note the actions to date and support the ongoing work.

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## Audit and Standards Committee Report

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**Report of:** The Monitoring Officer/Director of Legal and Governance

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**Date:** 20 September 2018

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**Subject:** Revisions to the Procedure for Dealing with Standards Complaints

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**Author of Report:** Philippa Braithwaite,  
Democratic Services Team Manager

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**Summary:**

The latest version of the Procedure for Dealing with Standards Complaints was approved by this Committee on 16 November 2017 and by Full Council on 6 December 2017. One of the revisions agreed was for the procedure to be reviewed on an annual basis by the Monitoring Officer in consultation with the Independent Persons. While the Procedure has been a noticeable improvement on previous versions, some slight revisions are proposed as a result of the complaints considered this year.

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**Recommendations:** That the Committee:

- (a) Comments on the further revisions to the Procedure for Dealing with Standards Complaints;
- (b) With the inclusion of any additional revisions arising from the meeting, recommends to Full Council the adoption of the revised Procedure and that the Constitution is amended accordingly; and
- (c) Refers the revised Procedure to the Parish and Town Councils for consideration and adoption.

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**Background Papers:** None

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**Category of Report:** OPEN

## Statutory and Council Policy Checklist

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



# REVIEW OF THE PROCEDURE FOR DEALING WITH STANDARDS COMPLAINTS

## 1.0 INTRODUCTION

- 1.1 A revised Procedure for Dealing with Complaints Regarding City, Parish and Town Councillors and Co-opted Members was considered at the meeting of this Committee on 16 November 2017 and the Committee agreed for this procedure to be reviewed on an annual basis. That review has now been carried out and some further revisions to the Procedure are proposed.

## 2.0 BACKGROUND

- 2.1 The current Procedure was approved by this Committee on 16 November 2017 and adopted by Full Council on 6 December 2017. While the Procedure has been a noticeable improvement on previous versions, some slight revisions are proposed as a result of the complaints considered this year.

## 3.0 REVISIONS TO THE PROCEDURE

- 3.1 Other than updating the number and names of Independent Persons and the Democratic Services Officer responsible for processing complaints, the revisions proposed in this report fall into two categories: those relating to timescales, and those relating to data protection/retention periods.

### 3.2 Timescales

- 3.2.1 Currently the process requires that complainant and the subject of the complaint to be informed in writing within 5 working days of the outcome and the reasons for the decision taken at the Assessment meeting and those taken at Consideration or Hearing Sub Committee meetings. It is proposed this timescale be extended to 10 working days in order to set realistic expectations as to when complainants and subjects of complaints will be notified of decisions.
- 3.2.2 Although the 5 working day timescale has largely been adhered to, the reality is that this is an unsustainable turn-around period. In order to ensure assessment meetings are as efficient as possible, multiple complaints are increasingly being considered at the same meeting which in turn necessitates multiple decision letters being produced in the same timescale. Extending the timescale to 10 working days will mitigate the risk of making mistakes in the decision letters whilst maintaining quality and level of detail.
- 3.2.3 Similarly, currently Consideration Sub Committee meetings are scheduled to meet within one month of the final investigation report being submitted to the Monitoring Officer, however, the Consideration Sub-Committees held this year have been scheduled outside of the one-month deadline. It is therefore proposed that this timescale be extended to two months in order to set a more realistic expectation for complainants and subjects of complaints as to when the issue will be considered, as well as allowing for greater flexibility of Members' and Independent Persons' diaries.
- 3.2.4 The effect of these changes should not have any adverse effect to complainants or subject members of complaints, and it is expected that the majority of complaints will still be completed within 5 working days.

### 3.3 Data Protection/Retention Periods

3.3.1 In light of the General Data Protection Regulation (GDPR) which came into force on 25 May 2018, paragraph 11 of the Procedure has been expanded to make specific reference to the retention period for the personal details of complainants.

3.3.2 Although personal information about the complainant and details of the complaint itself is proposed to be deleted after 7 years (unless the Council elect to retain it for a longer period in order to comply with legal and regulatory obligations), records of the number of complaints received, the outcomes and the subject Members will be kept for so long afterwards as is considered may be required to deal with any questions or complaints about the service.

### 3.4 Further Review

3.4.1 To assess the success of these changes, it is suggested that the revised procedure is reviewed in approximately twelve months' time.

3.4.2 Any complaints submitted before any revisions are approved by Full Council will be considered under the existing Procedure.

## **4.0 LEGAL IMPLICATIONS**

4.1 As the Procedure is included in the Constitution, any changes would require approval at Full Council. The revised Procedure would also need to be approved by the Parish and Town Councils.

## **5.0 FINANCIAL IMPLICATIONS**

5.1 There are no financial implications.

## **6.0 EQUALITIES IMPLICATIONS**

6.1 There are no equalities implications.

## **7.0 RECOMMENDATIONS**

7.1 That the Committee:-

- (a) Comments on the further revisions to Dealing with Complaints Regarding City, Parish and Town Councillors and Co-opted Members;
- (b) With the inclusion of any additional revisions arising from the meeting, recommends to Full Council the adoption of the revised Procedure and that the Constitution is amended accordingly; and
- (c) Refers the revised Procedure to the Parish and Town Councils for consideration and adoption.

**Gillian Duckworth, Monitoring Officer/Director of Legal and Governance**

## SHEFFIELD CITY COUNCIL

### PROCEDURE FOR DEALING WITH COMPLAINTS REGARDING CITY, PARISH AND TOWN COUNCILLORS AND CO-OPTED MEMBERS

#### 1. Introduction

1.1 Under the Localism Act 2011, the Council has a duty to promote and maintain high standards of conduct for its elected and co-opted members and have arrangements in place to deal with complaints.

1.2 This Procedure sets out how the Council will deal with a complaint alleging a breach of the Members' Code of Conduct by:-

- Sheffield City Councillors
- Voting and non-voting co-opted members of the Council
- Bradfield Parish Councillors
- Ecclesfield Parish Councillors
- Stocksbridge Town Councillors

(In this Procedure the term 'Member' is used to describe a Councillor or Co-opted Member)

1.3 In dealing with complaints we will be fair to both the complainant and Member and progress matters in accordance with the timescales set out in the Procedure. Complaints will be handled in the strictest confidence at all times.

#### 2. Monitoring Officer

2.1 Gillian Duckworth, Director of Legal and Governance, is the Council's Monitoring Officer. This is a statutory role, responsible for ensuring that the Council, its Members and officers carry out their functions in a lawful and ethical manner. The role includes supporting the Audit and Standards Committee and the three Independent Persons in dealing with complaints alleging a breach of the Members' Code of Conduct.

#### 3. Independent Persons

3.1 The Council appoints Independent Persons from outside the Council to assist the Monitoring Officer and the Audit and Standards Committee in considering complaints. This is statutory requirement under the Localism Act 2011. Sheffield has appointed ~~three~~ two Independent Persons - ~~Stuart Carvell, Marvyn Moore and~~ David Waxman and Jo Cairns.

3.2 The Independent Person must be consulted at various stages in the complaints process and also before the Hearing Sub-Committee makes a finding as to whether a member has failed to comply with the Code of Conduct and decides on action to be taken in respect of a Member.



#### 4. Making a Complaint/Withdrawing a Complaint

4.1 Complaints alleging a breach of the Members' Code of Conduct should be made in writing using the complaint form and sent to Gillian Duckworth, Monitoring Officer, Sheffield City Council, Town Hall, Sheffield S1 2HH or email [gillian.duckworth@sheffield.gov.uk](mailto:gillian.duckworth@sheffield.gov.uk). The complaint form is available from:-

- Website - <http://www.sheffield.gov.uk/home/your-city-council/council-meetings>
- Email - [committee@sheffield.gov.uk](mailto:committee@sheffield.gov.uk)
- Phone - Democratic Services on 0114 273 4015

4.2 If you need advice or assistance in submitting a complaint please contact Philippa Braithwaite in Democratic Services (email [philippa.braithwaite@sheffield.gov.uk](mailto:philippa.braithwaite@sheffield.gov.uk) or phone 0114 273 4015).

**Comment [PB1]:** To be updated as necessary

4.3 Details of the complaint, including the name of the complainant, will be shared with the Member. The complainant can request on the complaint form that their identity is kept confidential. Requests for confidentiality will be considered by the Monitoring Officer, in consultation with the Independent Person and the complainant will be informed in writing of the outcome

4.4 Anonymous complaints will not be considered.

4.5 The complainant can withdraw their complaint at any time by informing the Monitoring Officer in writing. The Monitoring Officer will confirm this in writing with the complainant within 5 working days and also inform the Member that the complaint has been withdrawn.

4.6 Where a complaint has been withdrawn, the Monitoring Officer reserves the right to pursue the issues in the complaint.

#### 5.0 Acknowledging the Complaint/Rejecting a Complaint/Informing the Member

5.1 The Monitoring Officer will acknowledge receipt of the complaint in writing within 5 working days, with details of how the complaint will be dealt with and providing a copy of this Procedure and the Code of Conduct.

5.2 If necessary, the Monitoring Officer will clarify any matters with the complainant as soon as possible before the Member is informed.

5.3 The Monitoring Officer also reserves the right to reject a complaint if it is considered to be trivial, vexatious, repetitious, not a standards matter or a general misuse of the opportunity. The complainant will be informed of the reasons why a complaint has been rejected.

5.4 The Member will be informed in writing within 5 working days that a complaint has been made about them, subject to paragraph 5.2. This will

include the name of the complainant (unless the Monitoring Officer has agreed to the complainant's request that their name is kept confidential) and details of the complaint. They will also receive a copy of this Procedure and the Code of Conduct. To assist the Monitoring Officer in assessing the complaint, the Member will be invited to submit within 10 working days a written statement of fact in response to the complaint.

5.5 The Monitoring Officer will also inform the Leader of the relevant political Group, Group Whip and Chair of the Audit and Standards Committee that a complaint has been received and provide a summary of the complaint.

5.6 Where a complaint relates to a Parish or Town Councillor, the Monitoring Officer will also inform the Clerk of that Council of the name of the Member and details of the complaint. The Clerk will also be kept informed of the progress and the outcome of the complaint.

## 6. Assessment by the Monitoring Officer

6.1 Before assessment of the complaint, it may be necessary for the Monitoring Officer to request further information or clarification from the complainant and/or Member and, where necessary, obtain other available information, such as the minutes of a meeting.

6.2 The Monitoring Officer, in consultation with the Independent Person, will consider (a) the complaint, any remedy sought by the complainant, any written statement of fact submitted by the Member and any other information obtained, (b) whether the member was acting in their official capacity and that the Code of Conduct does apply and (c) if the allegation constitutes a potential breach of the Code of Conduct and then take one of the following courses of action:-

1. Take no action or
2. Take other action through informal resolution or
3. Refer the matter for investigation
4. Refer the matter to the Consideration Sub-Committee

6.3 The complainant and the Member will be informed in writing within 5 working days of the outcome and the reasons for the decision.

**Comment [PB2]:** Extend to 10 working days

6.4 The Monitoring Officer will also inform the Leader of the relevant political Group, Group Whip and Chair of the Audit and Standards Committee of the assessment decision. Where a complaint relates to a Parish or Town Councillor, the Monitoring Officer will also inform the Clerk of that Council.

6.5 Where a complaint is not referred for investigation, the Monitoring Officer will seek to deal with the matter within 8 weeks.

### 6.6 Take No Action

6.6.1 It is likely that no action will be taken where:-

- A significant amount of time has elapsed since the events which are the subject of the complaint.
- The allegation relates to a cultural or recurring issue relating to standards within the Council.
- The matter should be dealt with by some other method.
- Complaints have been made about the Member relating to similar issues that have previously been dealt with through this Procedure.
- The complaint appears to be trivial, vexatious, repetitious or a general misuse of the opportunity.
- The conduct occurred during political debate or could be regarded as a political expression of views or opinion.

## 6.7 Take Other Action Through Informal Resolution

6.7.1 Informal resolution may be the simplest and most cost effective way of resolving the complaint and without determining if an actual breach of the Code has taken place. It may be appropriate where:

- The Monitoring Officer considers that this is the most effective way of resolving the matter to the complainant's satisfaction;
- The Member appears to have a poor understanding of the Code of Conduct and/or related Council procedures;
- The conduct complained of appears to be a symptom of wider underlying conflicts which, if unresolved, are likely to lead to further misconduct or allegations of misconduct;
- The conduct complained of appears to the Monitoring Officer not to require a formal sanction;
- The complaint appears to reveal a lack of guidance, protocols and procedures within the District or Parish/Town Council;
- The complaint consists of allegations and retaliatory allegations between councillors;
- The complaint consists of allegations about how formal meetings are conducted; and
- The conduct complained of may be due to misleading, unclear or misunderstood advice from officers.

6.7.2 The Monitoring Officer, in consultation with the Independent Person, may take any of the following actions:-

- Take such steps as they think appropriate to prevent a future potential breach of the Code including training, guidance and introducing or amending policies/protocols.
- Ask the Whips to address the issue raised within their political parties or with an individual Member.
- Mediate between the parties involved to resolve the issues.
- Seek an apology from the Member.
- Any other action capable of resolving the complaint.

6.7.3 If a member of the public making a complaint is not satisfied with the action to be taken through informal resolution they can make a request in writing to the Monitoring Officer for reconsideration. If appropriate, the Monitoring Officer may then recommend additional mediation, reconsider the original action proposed, or refer the complaint to Consideration Sub-Committee.

## 6.8 Refer the Matter for Investigation

6.8.1 It is expected that the Monitoring Officer will refer only the most serious potential breaches for investigation or where the Member fundamentally disputes or does not accept the allegations in the complaint.

6.8.2 If a complaint has been referred for investigation, the Monitoring Officer, in consultation with the Independent Person, will appoint a person to undertake the investigation and this may be either a Council Officer or an outside agent, depending on the complexity and subject of the complaint.

6.8.3 The Investigating Officer will inform the complainant and Member of the process and proposed timescale of the investigation. The investigation may involve interviewing both parties and possibly other witnesses, together with reviewing any relevant documentation or paperwork.

6.8.4 The Investigating Officer will prepare a draft report on the outcome of the investigation and provide the complainant and Member with a copy for review and comment.

6.8.5 The Investigating Officer will submit a final version of the report to the Monitoring Officer that will make a finding that either (a) there has been a

potential breach of the Code of Conduct or (b) there has not been a potential breach of the Code of Conduct. The final report will also be sent to the complainant and Member.

6.8.6 The Monitoring Officer will submit the Investigating Officer's report to the Consideration Sub-Committee.

6.8.7 An investigation will be completed within 12 weeks of a referral by the Monitoring Officer. The Consideration Sub-Committee will meet within one month of the final report being submitted to the Monitoring Officer.

**Comment [PB3]:** Extend to two months

6.9 Refer the matter to the Consideration Sub-Committee

6.9.1 The Monitoring Officer can refer a complaint direct to the Sub-Committee if it is considered that there is a potential breach of the Code but there is no dispute over the events in relation to the complaint and an investigation is not considered necessary.

6.9.2 If a member of the public making a complaint is not satisfied with the action to be taken through informal resolution they can make a request in writing to the Monitoring Officer for reconsideration. If appropriate, the Monitoring Officer may then recommend additional mediation, reconsider the original action proposed, or refer the complaint to Consideration Sub-Committee.

## **7 Consideration Sub-Committee**

7.1 The Consideration Sub-Committee comprises 3 Councillors and 1 non-voting co-opted Independent Member.

7.2 The complainant and Member are not required to attend the meeting of the Sub-Committee.

7.3 The Monitoring Officer will submit a report on the outcome of an investigation or a matter referred to the Sub-Committee. The Investigating Officer will attend the meeting.

7.4 The Sub-Committee will consider the Monitoring Officer's report and, after taking the views of the Independent Person into account, can:-

(a) take no action; or

(b) take other action including any of the following actions:-

- Take such steps as the Sub-Committee considers appropriate to prevent a future potential breach of the Code including training, guidance and introducing or amending policies/protocols.
- Ask the Whips to address the issue raised within their political parties or with an individual Member.
- Request the Monitoring Officer, in consultation with the



Independent Person, to mediate between the parties involved to resolve the issues.

- Seek an apology from the Member.
- Any other action capable of resolving the complaint.

(c) refer the matter to a Hearing Sub-Committee.

7.5 Where the Consideration Sub-Committee is considering a report on the referral of a complaint where a member of the public is not satisfied with the action to be taken through informal resolution, the only option available to the Sub-Committee is to ratify the original informal resolution, or to take other action including any of the following actions:-

- Take such steps as the Consideration Sub-Committee considers appropriate to prevent a future potential breach of the Code including training, guidance and introducing or amending policies/protocols.
- Ask the Whips to address the issue raised within their political parties or with an individual Member.
- Request the Monitoring Officer, in consultation with the Independent Person, to mediate between the parties involved to resolve the issues.
- Seek an apology from the Member.
- Any other action capable of resolving the complaint.

7.6 The Monitoring Officer will inform the complainant and Member in writing within 5 working days of the outcome and the reasons for the Sub-Committee's decision.

**Comment [PB4]:** Extend to 10 working days

## 8. Hearing Sub-Committee

8.1 The Hearing Sub-Committee comprises 3 Councillors and 1 non-voting co-opted Independent Member.

8.2 The Sub-Committee will meet within two months of a referral by the Consideration Sub-Committee to consider the allegation.

8.3 The Sub-Committee will meet in public unless it decides that all or part of the meeting should be held in private in accordance with the Access to Information Procedure Rules in the Council's Constitution.

8.4 In advance of the Hearing, there will be a pre-hearing process to allow matters at the Hearing to be dealt with more fairly and economically.

8.5 The complainant and member will be given the opportunity to attend the

Hearing and present witnesses. The Monitoring Officer, any Investigating Officer and Independent Person will also attend. The procedure at the Hearing will include:-

- Making findings of fact
- Deciding if there has been a breach of the Code of Conduct
- Consider the remedies/sanctions available if there is a finding that the Member has breached of the Code of Conduct

8.6 Full details of the pre-hearing and hearing process are set out in the Procedure at Hearings. The Member and complainant will be provided with a copy of the Procedure.

#### 8.7 A Finding of No Breach of the Code of Conduct

8.7.1 If the Sub-Committee finds that the Member did not breach the Code of Conduct no further action will be taken in respect of the complaint. However, the Sub-Committee can make a recommendation to the authority with a view to promoting and maintaining high standards of conduct in general (e.g. proposed changes to internal procedures or training for Members).

#### 8.8 A Finding of a Breach of the Code of Conduct

8.8.1 If the Sub-Committee finds that a breach of the Code of Conduct has occurred they may make any of the following recommendations and may specify to whom they wish them to be directed:-

- Recommending to the Member's Group Leader and/or Group Whip (or in the case of un-grouped members, recommend to Council or to Committees) that he/she be removed from any or all Committees or Sub-Committees of the Council or Shadow Portfolio responsibilities.
- Recommending to the Leader of the Council that the member be removed from the Cabinet, or removed from particular Portfolio responsibilities.
- Instructing the Monitoring Officer to arrange training for the member.
- That policies/procedures are amended.
- That a briefing/information note be issued.
- That an apology be given.
- That the Member is censured in writing and a copy of the letter is published on the Council's website.
- Take no action where it is not considered appropriate in the circumstances to impose a sanction.

8.8.2 The Monitoring Officer will inform the complainant and the Member of the

outcome from the Sub-Committee hearing in writing within 5 working days.

**Comment [PB5]:** Extend to 10 working days

8.8.3 The findings and decision of the Sub-Committee will be also be available on the Council's website and copies will be supplied to the Chief Executive, Leaders of all the political Groups and the Group Whips.

8.8.4 Where the matter relates to a Parish or Town Councillor, the Clerk of that Council will be informed of the outcome of a Hearing.

## 9. Appeals

9.1 There is no right of appeal for the complainant or Member against a decision of the Monitoring Officer, Consideration Sub-Committee or Hearing Sub-Committee.

9.2 If the complainant feels that the Council has failed to deal with their complaint properly, they can make a complaint to the Local Government and Social Care Ombudsman (<http://www.lgo.org.uk/make-a-complaint/how-to-complain> or phone 0300 061 0614).

## 10. Reports

10.1 An annual report will be submitted to the Audit and Standards Committee with a summary of all Standards Complaints received and their outcome.

## 11. Data Protection

11.1 Complaints will be handled in the strictest confidence at all times. We will ensure that any information received as part of the handling of the complaint is disclosed only to those who can demonstrate a valid need to know it. However, when a complaint is considered at a Standards Committee Hearing then any information will be dealt with in accordance with the Access to Information Procedure Rules in the Council's Constitution.

11.2 Complaints records will be stored safely and securely. Records of the number of complaints received, the outcomes and the subject Members will be kept for so long afterwards as we consider it may be required to deal with any questions or complaints about the service which we provide. Personal information about the complainant and details of the complaint itself will be deleted after 7 years unless we elect to retain it for a longer period in order to comply with our legal and regulatory obligations.

## 12. Review and Changes to the Procedure

12.1 The Monitoring Officer will review the Procedure annually, in consultation with the Independent Persons, and submit a report on any proposed changes to the Audit and Standards Committee for consideration. In accordance with the Constitution, any changes will require final approval at Full Council.

| 6/12/2017

| ~~6-December~~September 2018 v65

# Agenda Item 9

Audit and Standards Work Programme 2018-19

Date	Item	Author
15 November 2018	Work Programme	Gillian Duckworth (Director of Legal and Governance)
20 December 2018	(Additional meeting if required)	
24 January 2019	Progress on High Opinion Audit Reports	Kayleigh Inman (Senior Finance Manager)
	Annual Audit Letter 2016/17 and 2017/18	External Auditor (KPMG)
	Universal Credit	Marianne Betts (Director of Finance and Commercial Services)
	Standards Annual Report	Gillian Duckworth (Director of Legal and Governance)
	Strategic Risk Management	Richard Garrad (Corporate Risk Manager)
	Work Programme	Gillian Duckworth (Director of Legal and Governance)
21 February 2019	(Additional meeting if required)	
21 March 2019	(Additional meeting if required)	
18 April 2019	Internal Audit Plan 2019/20	Kayleigh Inman (Senior Finance Manager)
	Compliance with International Auditing Standards	Dave Phillips (Head of Strategic Finance)
	Certification of Claims and Returns Annual Report 2017/18 (Potentially January meeting)	External Auditor
	External Audit Plan 2018/19	External Auditor
	Annual Audit Fee Letter 2019/20	External Auditor
	Work Programme	Gillian Duckworth

Audit and Standards Work Programme 2018-19

		(Director of Legal and Governance)
June 2019	Audit Training	External Facilitator
13 June 2019	Summary of Statement of Accounts	Dave Phillips (Head of Strategic Finance)
	Internal Audit Annual Fraud Report	Kayleigh Inman (Senior Finance Manager)
	Whistleblowing Policy Review and Update	Gillian Duckworth (Director of Legal and Governance)
	Work Programme	Gillian Duckworth (Director of Legal and Governance)
25 July 2019	Report to Those Charged with Governance (ISA 260)	External Auditor
	Statement of Accounts	Dave Phillips (Head of Strategic Finance)
	Annual Governance Statement	Gillian Duckworth (Director of Legal and Governance)
	Information Management Annual Report	Mark Jones (Senior Information Management Officer)
	Progress on High Opinion Audit Reports	Kayleigh Inman (Senior Finance Manager)
	Update on Standards Complaints	Gillian Duckworth (Director of Legal and Governance)
	Strategic Risk Management	Richard Garrad (Corporate Risk Manager)
	Work Programme	Gillian Duckworth (Director of Legal and Governance)