



*Audit Committee Report*

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**REPORT OF** Assistant Director Finance – Business Partnering and **DATE**  
Internal Audit  
17/4/2013

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**SUBJECT** Delivering Internal Audit Activity Progress Report

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**SUMMARY** The attached is the progress report on Delivering Internal Audit Activity.

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**RECOMMENDATIONS** To note the contents of the Report

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**FINANCIAL IMPLICATIONS** No **PARAGRAPHS**  
**CLEARED BY** K.Inman **8**

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**BACKGROUND PAPERS**

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**CATEGORY OF REPORT**

Open

## Statutory and Council Policy Checklist

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

## **REPORT TO SHEFFIELD CITY COUNCIL AUDIT COMMITTEE**

**April 2013**

### **Chief Internal Auditors Report – Delivering Internal Audit Activity Report.**

#### **Purpose of the Report**

1. The purpose of this report is to present and communicate to members of the Audit Committee progress made against the 'new' auditable areas introduced for the 2012/13 audit plan.
2. In addition, the report includes a summary of other Internal Audit output issued during 2012/13.

#### **Introduction**

3. In light of the budget reductions the strategy and approach for the 2012/13 audit plan was changed and communicated to members of the Audit Committee at the May 2012 meeting.
4. This report provides a progress update on the audits delivered during the year.

#### **Progress**

5. The strategy for Internal Audit work was to focus on some specific areas of activity which could provide assurance that risk and internal control issues are being properly managed by Directors in service areas. These areas were largely the main corporate systems in operation across the council such as risk management, performance management and the Annual Governance Statement.
6. This report will also feedback to members on the portfolio specific output issued by Internal Audit throughout 2012/13 classified by the assigned audit opinion. The full list of outputs is recorded in Appendix A, with the main corporate systems separately identifiable at the end of each section.
7. It should be noted that there is still some 'work-in-progress' on both the corporate and portfolio audits as at the 31.3.2013. These will be reported in the next progress update report.

#### **Conclusion**

8. The corporate system audits completed have largely been assigned a medium-low or low audit opinion, which provides assurance that risk and internal control issues are being adequately managed.

**FINANCIAL IMPLICATIONS**

There are no direct financial implications arising from the report.

**EQUAL OPPORTUNITIES IMPLICATIONS**

There are no equal opportunities implications arising from the report.

**RECOMMENDATION**

That the Audit Committee notes the content of the report.

**Kayleigh Inman**

**Senior Finance Manager (Internal Audit)**

**All Internal Audit Output with the Opinion**  
**1<sup>st</sup> April 2012 – 31<sup>st</sup> March 2013**

**Appendix A**

The purpose of this report is to detail the output produced by Internal Audit for the above period.

The report is split into the opinions and lists the title of each review only; Full copies of the high opinion audit reports have already been submitted to the Audit Committee. This report also details the work undertaken by the service where an audit opinion is not required.

The audits annotated with b/fwd are reviews which were in progress at the financial year end (11/12) and so are not reviews that are included in the 2012/13 tactical plan.

**High Opinion**

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

Register Office, Deputy Chief Executive  
Marketing Sheffield, Place

**Medium – High Opinion**

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

Starters and Leavers (including Voluntary Severance/Voluntary Early Retirement, Resources (b/fwd)  
Fire Risk Assessment Team, Sheffield Homes (b/fwd)  
Housing Benefits Applications and Assessments (b/fwd)  
Highways Maintenance PFI – Exit Strategy-Client Model, Place (b/fwd)  
Adults Out-of-City Placements, Communities (b/fwd)  
IT Asset Management CMBD and Chargeback, Resources (b/fwd)  
Managing Employee Reductions – IT Issues, Resources (b/fwd)  
Third Party Agreements for Bidding and Business Cases (b/fwd)  
OEO Ledger Reconciliation (b/fwd)  
Safeguarding in Schools, CYPF (b/fwd)  
Telecommunications, Resources  
Easysite – Website, Resources  
Corporate Vision Strategy, Deputy Chief Executives  
Trading Standards, Place

Use of Consultants, Resources  
 Information Governance, Resources  
 Time Monitoring (Overtime), Resources  
 Framework Agreement, Communities  
 Joint Health Commissioning Group – Governance Arrangements, CYPF.  
 Social Care Accounts Service, Communities  
 Banking Arrangements in Schools, CYPF  
 Financial Management Standard – Protecting Public Money, CYPF  
 Marketing and Economic Strategies for Sheffield Arena, Place  
 Capital Delivery, Place  
 Park Hill, Place  
 Main Financial Systems – Corporate Asset Register Management, Resources  
 Main Financial Systems – Debtor Controls, Resources  
 Main Financial Systems – National Non-Domestic Rates (NNDR) System, Resources  
  
 Contract Waivers, Resources  
 Overarching Review of External Relationships, Resources

### **Medium – Low Opinion**

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

Private Housing Standards Enforcement, Communities (b/fwd)  
 Housing Benefit Data Security (b/fwd)  
 Managing Employee Reductions, Resources (b/fwd)  
 Prevention and Early Intervention Services, CYPF (b/fwd)  
 Disability Respite Homes, CYPF (b/fwd)  
 Special Educational Needs – Family of Schools Pilot, CYPF (b/fwd)  
 Waste Contract Management – Fraud Risk Review (b/fwd)  
 Access to Systems using IDEA, Resources (b/fwd)  
 Remote Working (including RAS and Members IT), Resources  
 IKEN – Legal Services Caseload Management, Deputy Chief Executive  
 Workplace Programme, Resources  
 OHMS (Housing Management System)  
 Banks Automated Clearing System, Resources  
 Housing Strategy, Place  
 Self-Directed Support Programme – Operational Controls, Communities  
 Sheffield Galleries and Museums Trust, Place  
 South Yorkshire Archives, Communities  
 South Yorkshire Archaeology, Place  
 Community Cohesion, Communities  
 Future of Council Housing, Communities  
 Building Standards, Place  
 Responsive Repairs, Sheffield Homes

Homelessness, Communities  
CCTV Service, Resources  
Secondary School Standards, CYPF  
Commercial Service Review, Resources  
Voluntary Sector Grant Aid Process, Deputy Chief Executive  
Public Health Transfer, Communities  
Planning Arrangements for Academy Transfers, CYPF  
City Wide Learning Body, CYPF  
Members Interests', Deputy Chief Executive  
Main Financial Systems - Purchase to Pay Audit Review 11-12 (b/fwd)  
Main Financial Systems – Council Tax System 12-13, Resources  
Main Financial Systems - Financial Processes in Sheffield Homes

Annual Governance Statement (AGS) - Process Overview  
Annual Governance Statement - Data Quality Checks  
Annual Governance Statement - Reporting and Escalation Process  
Capital Schemes Reviews – Ongoing Schemes, Resources  
Kier KAPS – Performance Management and Governance Arrangements,  
Resources  
Risk Performance in Key Partnerships, Resources  
Performance Management Framework - Performance Plus System Overview  
Performance Management Framework - Quality Assurance Processes  
(CYPF)  
Projects and Programmes – Governance and Overarching Strategy  
Projects and Programmes – Programme Delivery, Communities  
Risk Management, CYPF (b/fwd)  
Risk Management, Communities

## Low Opinion

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

Business Planning, Sheffield Homes (b/fwd)  
Main Financial Systems – Financial Reporting Place  
Main Financial Systems - Sheffield Homes Financial Robustness

Performance Management Framework – Reporting and Escalation Process,  
Place  
Performance Management Framework – Service Business Planning,  
Communities  
Performance Management Framework – Business Planning Process  
Overview, Deputy Chief Executive  
Performance Management Framework – Use of Performance Information

Annual Governance Statement – Statement Production  
Annual Governance Statement – Use of AGS information

**Productive Pieces of Work – No Opinion Required**

Counter-Fraud Proactive – Protecting the Public Purse Report 10-11  
Annual Report – School Themed Reviews  
National Fraud Initiative – Preparation and Co-ordination  
National Fraud Initiative – Direct Payment Pilot  
Fraud Awareness e-learning launched.  
Communities Recommendation Tracking  
CIA Annual Report

**Grant Certifications**

Housing Market Renewal – Growth Fund Exit Work  
Carbon Reduction Commitment Compliance Check  
Growing Places Grant

**Follow-up Audits**

Equalities Statutory Duties, Deputy Chief Executive  
Performance Monitoring Process, Deputy Chief Executive  
Building Security Central, Resources  
Decent Homes Client, Place  
Kier Transactions Testing, Place  
Libraries, Place  
Debt Management, Place  
Risk Management, Place  
Self-Directed Support Programme, Communities  
Information Management for Community Care, Communities  
Out-of-Hours Service, Communities  
Transition from Children Services to Adult Services, Communities  
Quality in Residential Care Homes, Communities  
Critical Incident Planning, CYPF  
Cash Handling Appointees, Communities  
PCI-DSS Payment Card Identify Controls, Resources  
Highways PFI, Place  
Youth Commissioning – Sheffield Futures

**Investigations**

Urban Traffic Cameras  
Meade House Cash Controls  
Praise Pod

11 Housing/Council Tax Benefit cases closed.  
24 Non Housing/Council Tax Benefit cases closed.