

Audit and Standards Committee

Meeting held 15 October 2020

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

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1. APOLOGIES FOR ABSENCE

1.1 An apology for absence was received from Councillor Josie Paszek.

2. EXCLUSION OF THE PRESS AND PUBLIC

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

3. DECLARATIONS OF INTEREST

3.1 No declarations of interest were made.

4. MINUTES OF PREVIOUS MEETING

4.1 The minutes of the meeting of the Committee held on 30th July 2020 were approved as a correct record.

5. FINAL ACCOUNTS AUDIT PROCESS

5.1 Hayley Clark, Ernst and Young (the Council's external auditor), gave a verbal update on the progress of the final accounts audit.

5.2 Some risks had been identified including risk of fraud, the size of the property portfolio, pensions risk. These had all been previously identified and a consultation on pension liabilities and estimates was ongoing.

5.3 The impact of COVID-19 had not heightened the risks in their own right. A risk on the impact of the new lease Standard had been pushed back by a year (as the Standard had been delayed). There was a need to ensure that the Annual Governance Statement includes COVID-19 risks and value for money.

5.4 Dave Phillips, Head of Strategic Finance, explained that the risks had been explained to the External Auditors and lots of work had been carried out in the areas identified and the Council was looking at the financial position closely.

- 5.5 The Medium Term Financial Plan for 2021/22 to 2024/25 had now been published, and it shows that the Council satisfies the going concern test for the next 12 months. There are financial gaps in the medium term, but the Government was not announcing funding for local government for 2021/22 until December 2020, which might help the position . There was also heightened scrutiny by external auditors of Councils' financial positions this year.
- 5.6 Councillor Mohammed Mahroof asked whether there were any concerns regarding property values and how was social housing in buildings with cladding being valued. Dave Phillips replied that it was right to flag the impact of COVID-19. Projections had been provided on the Heart of the City projects. These were also phased and could be slowed down if necessary. The Council employed a professional valuation team and relied on the valuer's opinion. Social housing has a discount value applied.
- 5.7 Hayley Clark explained that the auditors were looking at regeneration schemes, but no problems had so far been identified, but there were a large amount of schemes.
- 5.8 The Medium Term Financial Plan for 2021/22 to 2024/25 had now been published, and it shows that the Council satisfies the going concern test for the next 12 months. There are financial gaps in the medium term, but the Government was not announcing funding for local government for 2021/22 until December 2020, which might help the position . There was also heightened scrutiny by external auditors of Councils' financial positions this year.
- 5.9 Hayley Clark explained that all deadlines had been moved from July to the end of November and the audit had been phased differently. It had been started in July and recommenced in September. There were still some areas left to do as they took longer. Additional work was being undertaken on school balances and they were continuing to work to the November deadline.
- 5.10 **RESOLVED:** that the report be noted.

6. PROGRESS ON HIGH OPINION AUDIT REPORTS

- 6.1 The Chair noted that this was a disappointing report with many long-term outstanding recommendations that had not been completed.
- 6.2 Linda Hunter, Finance Manager, explained that this was a rolling report on progress made against audit report recommendations. Three new reports had been added.
- 6.3 There were 52 recommendations active and 25 had been fully completed. Work had started on many of the recommendations. There were 4 critical recommendations. The report had been submitted to EMT and the progress had been noted. The concerns of the Committee would be communicated to EMT.
- 6.4 The recommendations regarding Subject Access Requests and Early Payments to

Care Providers had now been completed and could be removed from the tracker report.

6.5 Councillor Angela Argenzio echoed the disappointment of the Chair, especially with regard to the IT recommendations and welcomed the referral to EMT. Was the issue with the recommendations to do with budget or resources?

6.6 Councillor Simon Clement-Jones asked a question about progress on the ANPR Audit report and why it had not been included within the progress report.

6.7 Linda Hunter responded that recommendations were only included in the progress report once the deadline for implementation had passed. Each portfolio was responsible for tracking their own recommendations.

6.8 Councillor Mohammed Mahroof expressed concerns regarding the recommendation for providing training for Council staff to identify fraud. Gillian Duckworth, monitoring Officer explained that the recommendation was to provide an online training course for staff, but that other training was being provided. Linda Hunter confirmed that a course had been drafted and was awaiting upload to the Council's training hub.

6.9 **RESOLVED** that:-

(1) That the Audit and Standards Committee notes the content of the report;

(2) That the Audit and Standards Committee agrees to the removal of the following reports from the tracker:

- Early Payments to Care Providers
- Subject Access Requests

(3) The Audit and Standards Committee expressed its deep concern and disappointment to EMT regarding the progress of some of the critical recommendations and asked for a report back from EMT to the next Committee.

7. CODE OF CORPORATE GOVERNANCE

7.1 Gillian Duckworth presented the report which set out an updated version of the Council's Code of Corporate Governance, how Sheffield City Council complied with it and how it would be used to assess the Council's effectiveness as part of the Annual Governance Statement. The Code of Corporate Governance follows a framework set by CIPFA.

7.2 Councillor Angela Argenzio asked whether the list of policies was up to date and whether Members could be provided with dates of when the policies had been last updated. Gillian Duckworth confirmed that a list could be provided.

7.3 Councillor Angela Argenzio asked whether the documents would be made public

and Gillian Duckworth confirmed that they were available on the Council's website.

7.4 The Chair asked whether training was included and how it would be ensured that people did the training. Gillian Duckworth said that she would look at communications to Members and Officers.

7.5 **RESOLVED** that the updated Code of Corporate Governance be approved.

8. WORK PROGRAMME

8.1 Abby Brownsword, Principal Committee Secretary, presented the work programme and noted the addition of a response from EMT regarding the audit recommendations.

8.2 Alison Howard, Independent Co-Opted Member, asked when the next Consideration Sub Committee would be held. Gillian Duckworth explained that there were still some outstanding from before lockdown which needed to be rearranged.

8.3 Dave Phillips noted that the 2020/21 Statement of Accounts item may need to be rescheduled, depending on the national timetable for producing the 2020/21 accounts.

8.4 **RESOLVED** that the work programme with the above addition, be approved.

9. DATES OF FUTURE MEETINGS

9.1 It was noted that meetings of the Committee would be held at 5.00pm on:-

Thursday 26th November 2020

Thursday 21st January 2021

Thursday 18th February 2021 (additional meeting, if required)

Thursday 18th March 2021 (additional meeting, if required)

Thursday 15th April 2021

Thursday 10th June 2021

Thursday 29th July 2021