

Audit and Standards Committee

Meeting held 20 January 2022

PRESENT: Councillors Sioned-Mair Richards (Chair), Simon Clement-Jones (Deputy Chair), Angela Argenzio, Josie Paszek, Ben Curran, David Barker and Alison Howard Co-opted Member.

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1. APOLOGIES FOR ABSENCE

1.1 Apologies for absence were received from Councillor Mohammed Mahroof.

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 There were no declarations of interest made at the meeting.

4. MINUTES OF PREVIOUS MEETING

4.1 **RESOLVED:** The minutes of the previous meeting held on 21 October 2021 were approved a correct record.

5. REPORT OF THOSE CHARGED WITH GOVERNANCE (ISA 260)

5.1 Janet Dawson and Hayley Clark, External Audit, Ernst & Young (EY) were in attendance to answer any questions the Committee had. EY also provided the Committee with the Report of those Charged with Governance (ISA 260) which outlined the findings arising from the external audit to date.

5.2 Janet Dawson explained the status of the audit for 2020/21 was set out on page 5 of their report. Ernst & Young still had to finalise some areas but anticipated this would be completed over the coming weeks. The substantive amount of audit was already complete.

5.3 Once the audit was complete, Ernst & Young would then be in position to provide an unqualified opinion on the financial statements, subject to no further findings arising. Some of the unadjusted findings from the auditor's report were then discussed.

5.4 Hayley Clark highlighted that EY had identified that there was a proportion of the Council's investment property which the Council had the right to use which had not been accounted for as an asset. This

was estimated to be between £1.8m and £3m.

- 5.5 It was mentioned that page 15 of their report, showed that the pension fund auditor had alerted EY to an unadjusted error of £9.7 million in relation to the return on investment assets within the financial statements of the South Yorkshire Pension Authority. The Council's share of this, which would lead to a reduction in the Council's pension liability, is £2.6 million.
- 5.6 Members of the Committee asked questions and the following responses were provided: -
- 5.7 Hayley Clark explained the £2.5m reported on page 16, had been identified in the previous year's Audit Results Report. The decision taken last year was to not adjust at that time, and was considered as a miscalculation in PFI model. It was added that this had now been corrected in this year's Audit Results Report.
- 5.8 **RESOLVED:** That the Committee **(1)** noted the report and its findings; and **(2)** granted delegated authority for the Chair to sign the Letter of Management Representations and the Statement of Accounts when final audit procedures are concluded.

6. STATEMENT OF ACCOUNTS 2020/21

- 6.1 The Committee received a report of the Executive Director Resources. The purpose of the report was to communicate any relevant matters arising from the external audit of the 2020/21 Statement of Accounts to Members.
- 6.2 The Head of Strategic Finance, Dave Phillips, requested that approval be delegated to the Chair of the Audit and Standards Committee, in consultation with the Section 151 Officer, to conclude the audit by signing the Letter of Management Representations and the Statement of Accounts for 2020/21 on the conclusion of the audit by Ernst & Young.
- 6.3 The Head of Strategic Finance informed that Committee there had been three main areas of movement which had impacted the Council's Statement of Accounts. These were: -
- Covid Grants
 - Council Housing
 - Property Services valuations
- 6.4 The Head of Strategic Finance agreed to investigate why Sheffield had an outstanding long-term debt of over £1m pounds to Doncaster Council.
- 6.5 The Head of Strategic Finance explained the increase in creditors figure from £181,236k to £301,458k was again Covid related and due

to grants and business rates. The Executive Director Resources, Eugene Walker added that due to the significant number of business rates been cancelled or relieved, the Government compensated the Council to cover these which caused the figure to increase.

- 6.6 Clair Sharratt, Senior Finance Manager, stated that page 152 of the report gave a more detailed breakdown on the expenditure for Housing Revenue Accounts and that the difference between the years was due to variations in the property valuations of the Housing stock.
- 6.7 The Head of Strategic Finance advised that the Council did not have a specific climate change reserve although other reserves could be used if crucial.
- 6.8 **RESOLVED:** That **(1)** the Audit and Standards Committee noted the 2020/21 Sheffield City Council Audit Results Report; and **(2)** the Audit and Standards Committee approved the Statement of Accounts for 2020/21 and requested that approval was delegated to 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 2020/21 on conclusion of the audit by Ernst & Young LLP (EY).

7. INFORMATION GOVERNANCE ANNUAL REPORT

- 7.1 The Committee received a report of the Director of Business Change and Information Solutions which aimed to provide assurance around the policies, processes and practices employed to ensure the Council met those requirements.
- 7.2 The Senior Information Management Officer, Sarah Green, stated that the Council had worked hard to ensure that requirements are met through various frameworks and the UK GDPR action plan.
- 7.3 The Council had handled 326 Subject Access Requests (SAR) in 2020/21, in which 170 were answered in time. This meant the overall SAR performance figure had dropped from 85% to 52%. This was due to the suspension of request handling in response to the COVID-19 pandemic.
- 7.4 Additional Resource had been put in place to focus on SAR's and improve performance.
- 7.5 The Council had received 1543 Freedom of Information Requests (FOI) in 2020/21, in which 64% were answered in time. The response rate the previous year was 93%. The Information Governance Board's target response rate was 95%. It was added that failure to comply with the target response rate, could mean the Council has to pay a fine or carry out an inspection although this was unlikely as the response rate was increasing.

- 7.6 The Council had introduced sensitivity labels, which had to be identified before sending an email or working on a document. Sensitivity labels classify the Council's data to show how sensitive it is. This helps reduce risks and protect data.
- 7.7 In 2020/21 there was 262 incidents logged through the Council's information security incident process. 109 of these were personal data breaches, most were human error with emails or post. 8 of the breaches were considered to meet the risk threshold and were reported to the Information Commissioners Office (ICO).
- 7.8 The Council had several Information Governance training modules available for staff. The main one was the Information Governance training which is rolled out each year to staff and was mandatory. A new mandatory data protection module was added to the Sheffield Development Hub in January 2021, in which 88% of council employees has carried out as of December 2021.
- 7.9 Members of the Committee asked questions and the following responses were provided: -
- 7.10 Sarah Green confirmed that staff were redeployed through the pandemic to support other areas in the Council which impacted on response times for SAR's. It was mentioned that all those members of staff are now back in post.
- 7.11 Sarah Green informed the Committee that staff had carried out additional training on security when working from home therefore she was confident that staff understood the differences when in a different work environment.
- 7.12 New training for Officers and Members was currently ongoing, this would aim to improve response rates as it would inform people on what to look out for and how to respond appropriately in the required timeframe.
- 7.13 Sarah Green stated that some of the recommendations from the ICO following the 8 breaches reported were generic. Other recommendations were specific and related to that breach. Examples were given of generic recommendations, these were:
- Deliver more training
 - Use stronger passwords
 - Not to leave information open for others to view
- 7.14 A Member of the Committee suggested the level of impact was recorded in future reports as 1 incident could have impacted several people therefore to severity would be more than what is currently shown.

7.15 The Chair thanked Sarah Green and Leon Kaplan for attending the meeting.

7.16 **RESOLVED:** That the Committee noted the annual information governance update.

8. WHISTLEBLOWING POLICY REVIEW

8.1 The Committee received a report of the Director of Legal and Governance. The report provided the committee with information on activity under the Whistleblowing Policy from 2018 to present date. It provided details of the plans to publicise the Whistleblowing Policy. It also informed the Committee on the planned recruitment, support, training and development to equip a refocused group of Contact Advisors.

8.2 The Head of HR, Claire Corneille, informed the Committee the Whistleblowing Policy had been reviewed and considered as still fit for purpose although there had been several amendments.

8.3 Since 2018, there had been 5 reports of Whistleblowing within the Council. This was relatively low for the size and complexity of Sheffield City Council.

8.4 It was mentioned that other methods of reporting incidents had taken place, therefore a primary objective was to promote the Whistleblowing and encourage staff to use the Whistleblowing Policy when appropriate.

8.5 Claire Corneille explained that there is an intention to increase the resource in place to support staff through the process. 7 contact advisors had been recruited along historically, with just 5 remaining. There are 7 Whistleblowing contacts also detailed in the Policy.

8.6 Members of the Committee asked questions and the following responses were provided: -

8.7 Claire Corneille advised that newly created networks and representative groups could be asked if they would be prepared to acknowledge receipts of Whistleblowing claims.

8.8 Claire Corneille stated that each case is individual therefore there was no timeframe for dealing with these.

8.9 Claire Corneille was unable to explain why all the cases since 2018 were reported from employees in the people's portfolio. The Committee were informed that going forward, there will be advisors available in each portfolio in the hope that people are more comfortable to whistle blow with people they may know or work closely with.

- 8.10 It was stated that trade unions are supportive of the Whistleblowing Policy. They are available to support individuals considering Whistleblowing and to provide ongoing support through the process.
- 8.11 There was no required qualification to be a Whistleblowing contact advisor and colleagues of all grades and backgrounds will be encouraged to be involved through the planned campaign to recruit more.
- 8.12 **RESOLVED:** That the Committee **(1)** noted the information on the activity under the Whistleblowing Policy since April 2018; **(2)** noted and encouraged the plans for publicising the Whistleblowing Policy and associated ways in which staff can raise concerns; and **(3)** noted and encouraged the plans for Contact Advisors.

9. PROGRESS ON HIGH OPINION AUDIT REPORTS

- 9.1 The Committee received a report of the Senior Finance Manager of Internal Audit. The report provided an update on position on implementation of recommendations contained in audit reports issued with a high opinion or a limited/no assurance opinion and high organisational impact assessment.
- 9.2 The Senior Finance Manager, Internal Audit, Linda Hunter, mentioned that the Audit & Standards Committee received this report every 6 months for an update.
- 9.3 The Committee were informed that the 5 reports highlighted had now been implemented therefore the Committee were asked to agree the removal of these from the tracker.
- 9.4 The report highlighted 34 recommendations that Internal Audit was tracking, in which 23 of them were implemented and 11 still ongoing.
- 9.5 There was 1 critical recommendation ongoing which related to the Housing Management System. This recommendation was to upgrade the system which had now been carried out, although there was limited functionality improvements therefore a new system is needed to be built and tested. So Internal Audit are still tracking this recommendation. It was added that The Performance Delivery Board had a future agenda item (8/3/22) to undertake a deep dive exercise on this area and it would include staff resources, change management, investment and lessons learnt.
- 9.6 A Member of the Committee asked a question and the following response were provided: -
- 9.7 Sarah Green confirmed the delay in implementing the information security incidents recommendation, was Covid related.

- 9.8 **RESOLVED:** That the committee **(1)** noted the contents of the report; and **(2)** agreed to the removal of the following reports from the tracker:
- Enforcement Agent Review
 - Appointeeship Service
 - Council Processes for Management Investigations
 - Controls in Town Hall Machine room
 - Data Security and Protection (DSP) Toolkit

10. PSIAS - EXTERNAL QUALITY ASSESSMENT PEER REVIEW

- 10.1 The Committee received a report by Birmingham City Council which provided feedback on the recent independent review and external quality assessment peer review.
- 10.2 The Senior Finance Manager, Internal Audit, Linda Hunter informed that Committee that Sheffield City Council received the rating 'conformed', which was the highest possible rating.
- 10.3 Birmingham City Council interviewed key officers in the Council, reviewed responses from surveys and questionnaires and looked at the self-assessment checklist and evidence to support the assessment.
- 10.4 There were 115 questions contained within the self-assessment checklist, 89 were assessed as conforms, 14 as partial conforms and 12 as not applicable.
- 10.5 From the review, Birmingham City Council made 8 recommendations which the Council agreed. The date for the last recommendation to be implemented was September 2022.
- 10.6 A Member of the Committee had a question and the following response were provided: -
- 10.7 The Senior Finance Manager confirmed 2 of the 3 recommendations due to be implemented by December 2021, had been completed. The third recommendation had been partly actioned (Declaration of Endorsement produced), although it was awaiting sign off by the Chief Executive.
- 10.8 **RESOLVED:** That the Committee noted the contents of the report and the highest possible rating of 'conforms'.

11. WORK PROGRAMME

- 11.1 The Committee considered a report of the Director of Legal and Governance that outlined the work programme for the remainder of the municipal year. Members were asked to identify any further items for

inclusion.

11.2 The Chair suggested that a report on the performance of the Contact Centre be brought to a future meeting of the Committee.

11.3 The Chair suggested that the Annual Housing Ombudsman Report be brought to the next meeting of the Committee.

11.4 **RESOLVED:** - that **(1)** the work programme be noted; and **(2)** that the further mentioned reports be included to the work programme.

12. DATES OF FUTURE MEETINGS

12.1 It was noted that the next meeting of the Committee would be held on 24 February 2022.