

Audit and Standards Committee

Meeting held 27 July 2023

PRESENT: Councillors Sioned-Mair Richards (Chair), Fran Belbin, Simon Clement-Jones, Laura McClean and Alison Howard

1. APOLOGIES FOR ABSENCE

1.1 Apologies for absence was received from Councillors Sue Alston, Mohammed Mahroof and Henry Nottage.

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.

4. MINUTES OF PREVIOUS MEETING

4.1 The minutes of the meetings held on 22 June, 2023 were agreed as an accurate record.

5. PUBLIC QUESTIONS AND PETITIONS

5.1 The Committee received the following Public Questions from a member of the public, prior to the meeting.

5.2 **Ruth Hubbard**

1. How many complaints from the years of the tree dispute are outstanding? Please can you say how many of these are over two years old, between one and two years old, and less than a year. What are you able to say about why these complaints are outstanding at this stage?

The Chair explained that a written response will be provided after the meeting.

a) I recognise that Strategy and Resources lead on post-Lowcock work. However, given the important independent role of the Audit and Standards Committee in overseeing governance and audit functions, how has this committee satisfied itself that the governance and audit implications from Lowcock have been identified? As I have

explained, a stance from Strategy and Resources that "we agree all the recommendations" simply cannot perform this function and I think responsibility lies with this committee to satisfy itself that adequate attention has been paid to specific governance and audit considerations arising from Lowcock and to report back to Strategy and Resources (or full council) where further work might be needed to secure these arrangements. (Strategy and Resources are not an executive in relation to this committee simply to allocate out the jobs it sees fit.) So can this committee confirm it is satisfied that Strategy and Resources have adequately identified and are addressing the governance and audit implications of the Lowcock Report?

The Chair felt that Strategy and Resources Policy Committee had taken this issue seriously and comprehensively. The Chair hoped that Strategy and Resources Policy Committee fully understood the implications of the item they referred to the Audit & Standards Committee, in which this Committee would be reviewing those implications at their October 2023 meeting. The Chair explained that this report would be a starting point and not something that gets lost throughout the year. The Chair mentioned that Sir Mark Lowcock had noted that the Council had changed their culture since the publication of his report.

b) In respect of the one specific job allocated by Strategy and Resources on reviewing the Members Code of Conduct can this committee say what will be different this time compared to other times it has looked at the Code of Conduct and not identified the gross and manifest problems in its functioning that was so evident to many during the years of the tree dispute. It would be particularly helpful if the committee could say something about why and how, specifically, the committee thinks the member code of conduct simply did not work through the years of the dispute, and therefore to identify what in particular needs to be rectified or worked on. Will the committee undertake to explain why it thinks the code of conduct did not work over those years when it comes to reviewing the code of conduct?

The Chair explained that when the Local Government Association introduced the new code of conduct, the Audit & Standards Committee undertook several workshops to review and implement the revised code of conduct. The Chair believed the Council could always learn and improve but believed the revised code of conduct was more detailed and a better model for the Council compared to the code which was in use at the time of this dispute. The Chair referred to an item on the agenda relating the Member training, she stated that it would be useful for this Committee to have an annual review of the code of conduct.

a) In being alert to risks and as a wake up call will this committee consider:

- reporting back to full council on the increased risk relating to the external audit function generally, and specifically in relation to reported delays to external audit.

- re-examination and consideration of revision of its terms of reference in line with CiPFA guidance to give a greater sense of its substantive contribution to governance arrangements and reporting to full council on this rather than mostly a list of reports and mechanisms it is overseeing.

- in its re look at its terms of reference clarify its relationship with the Governance Committee - the Governance Committee says it has oversight of governance but, for example, has no role in developing or overseeing the Annual Governance Statement as confirmed with the Governance Committee last week.

- rapidly moving to appoint two new independent members (to the committee vacancies) in order to better secure its oversight and increase its expertise.

- ensuring it has public questions on its agendas.

The Chair stated she was also concerned around the delays reporting to external audit. She believed the Council did have a robust process in place to review the Council's risks and these were also considered as part of the Audit & Standards Committees remit. Should the Council risk exposure to delays in the external audit of accounts and be assessed as a corporate risk of sufficient magnitude, then the Committee would consider the advice of officers on how the risks would be escalated on the risk register. The Chair explained that following The Chartered Institute of Public Finance and Accountancy (CiPFA) advice, the Annual Governance Statement be presented at the Audit & Standards Committee. The Chair was aware of other local authorities that had committees in which Audit and Governance was both part of their remit although was currently opposed for this Council doing that at that moment, due to the current role and capacity of the Governance Committee. The Chair explained the Council had advertised the two vacancies for Independent Co-opted Members on the Audit & Standards Committee and agreed with the importance of these roles.

b) My concern and objection to the draft accounts lies primarily with the inadequacy of the Annual Governance Statement (AGS) as part of the accounts and which was raised in a short item at the June meeting but no concerns were raised. Firstly laid side by side with last year's AGS, I think about 90% is exactly the same words.

Perhaps more importantly the AGS does not appear to be written (at all) with reference to, or in line with, the CiPFA (2016) 'Developing Good Governance in Local Government: Framework' which has statutory force under government regulation. Councils have now wholly revised the way they do their AGS, in line with the new requirements. I have provided links to four examples for the committee below (that simply came up on the first page of a Google search) and Sheffield's simply does not stand up against these. Given the heightened risk in audit, the governance transition, the serious governance failures identified in Lowcock, alongside a weak code of corporate governance that is simply a list of documents, and the lack of alignment with the CiPFA requirements, the AGS currently provides no basis for confidence in the committee's current oversight of, or grip on, overall governance arrangements. Will the committee address this urgently?

The Chair stated the Audit & Standards committee had already agreed to review the Annual Governance Statement and that would be carried out as part of their work this municipal year.

4. QUESTION On the Annual Complaints Reports there is almost no information that tells readers whether any complaints involved allegations of, or were connected to, racism (or other equality issues). Given this area is a priority is it possible to have reporting on any complaints about racism (or other equality issues)? Is this not a recommendation of the Race Equalities Commission (REC) Report? A 3% return on ethnic and equality monitoring is extremely poor. From my experiences of running similar systems, is it possible to prioritise equality monitoring at the beginning or outset of a complaint rather than rely on this information coming in after the event?

The Chair explained that the Service Deliver Manager would respond to this as part of the report at item 8. The response can also be seen below: -

'The Service Delivery Manager acknowledged the lack of information provided relating to racism and equalities. She explained that fields had been introduced into the complaints system which would highlight complaints relating to racism so that this information could be collated in the future.'

(NOTE: In accordance with Council Procedure Rule 26 this urgent Item of business was considered on the recommendation of the Chair, on the basis that the Council wished to allow public questions and petitions to be submitted at the Audit & Standards Committee and to all upcoming formal meetings of the Committee).

6. INTERNAL AUDIT ANNUAL FRAUD REPORT

- 6.1 The Committee received a report from the Senior Finance Manager which informed the Audit and Standards Committee of the outcomes of the work undertaken by Internal Audit on fraud and corruption during 2022/23, and the proposed work for 2023/24.
- 6.2 The Finance Manager (Stephen Bower) explained that the Council undertook a total of 29 reactive cases in 2022/23. He added that the cases were increasingly becoming more complex.
- 6.3 The Finance Manager explained there was an increase in criminal activity such as phishing and scams although there were processes in place to mitigate this and they were also working with the Police on this.
- 6.4 The Finance Manager mentioned there was a team within the Housing service which dealt with Housing Fraud and that was also highlighted within the report. He mentioned that Bank Mandate Fraud was also a common type of fraud, and that there were now further controls in place to reduce this.
- 6.5 The Finance Manager explained there had been a small number of Whistleblowing cases in 2022/23. He mentioned that he had regular meetings with the Head of Human Resources (HR) and the General Counsel to look at ways of making employees feel more comfortable in sharing this type of information.
- 6.6 The Finance Manager explained there was a new Fraud E-Learning package introduced this year. It was a requirement for Managers to complete this learning, in which 52% of Managers had completed it so far.
- 6.7 The Finance Manager explained there was a checklist within the report, which identified the controls in place for different areas susceptible to fraud.
- 6.8 Members of the Committee asked questions and the following responses were provided: -
The Chair mentioned the Council, over the past 4 years, had 6 cases of Fraud, 4 which led to dismissal and 2 which led to action other than dismissal. The Chair mentioned how 1 case was too many although believed this to be a small number in comparison to the size of this organisation therefore thanked Officers for their work on this.
- 6.9 The Finance Manager explained that the Fraud E-Learning package was a general training module rolled out to all employees. He added that there was more specialist training rolled out to certain areas within the Council, which were more susceptible to fraud.
- 6.10 The Finance Manager explained there was a lot of cases relating to time sheet fraud and similar issues due to employees working from home

although there were processes in place to mitigate this.

- 6.11 The Finance Manager explained that there had not been any recent fraud cases which lasted an excessive period of time. He believed the Council's controls were to a high standard.
- 6.12 The Chair referred to the Whistleblowing pilot mentioned in the report, she mentioned that the Council's Whistleblowing process would be reviewed at a future Audit & Standards Committee meeting.
- 6.13 The Chair referred to the delays in rolling out Blue Badges. The Head of Customer Services (Paul Taylor) explained there was multiple stages within the process of applying for a Blue Badge. He mentioned that certain applications were permitted easier than others and met the 28 days turn around. Although when someone does not automatically qualify for a Blue Badge, and their application is denied, they are then subject to appeal that decision. He stated that the issues around delays came from that appeals stage as 5 Senior Officers were overseeing this and unfortunately had other circumstances which led to back log of applications. He added that if anyone was subject to a fine whilst their Blue Badge application was still being reviewed and then was authorised, the fine would be removed.
- 6.14 **RESOLVED:** That the Audit and Standards Committee Members (1) noted the content of this report; (2) noted that the Council's policies in relation to fraud and corruption have been reviewed and fulfil the required governance arrangements for the Council; and (3) noted the completed checklist for those responsible for governance (Appendix A).

7. **ROLE OF THE AUDIT COMMITTEE AND TRAINING**

8. **ANNUAL CORPORATE COMPLAINTS REPORT 2022/23**

- 8.1 The Committee received a report from the Director of Direct Services which summarised the key performance of corporate complaints for all Portfolio areas and the Council's key strategic partners Amey and Veoila for the reporting year 2022/23 and key focus areas for 2023/24. It provided an honest and transparent representation of the Council's performance for all services in relation to feedback and complaints. Also provided an update of the November 2022/March 2024 Complaints Service Improvement Plan.
- 8.2 The Service Delivery Manager, Customer Services (Corleen By-Graves Paul) gave a presentation to the Committee and the key points to note were: -
- 8.3 The 6 recommendations set by the Audit & Standards Committee at their meeting in November 2022 were shown along with the progress of each of those recommendations.

- 8.4 The Customer Service now attend quarterly Senior Manager meetings to discuss complaint progress.
- 8.5 In 2022/23 the Complaints procedure & Customer Relationship Management System (CRM) training was delivered to approximately 400 Officers.
- 8.6 The total number of complaints received in 2022/23 including the Council's strategic partners was 9514. Council Services receiving the highest number of complaints were Council Housing Repairs (42%), Customer Services (17%) and Finance (16%). 56% of complaints recorded were resolved via Problem Solving. 50% of complaints were responded to within 28 calendar days (20 working days) the Council's target was 80%.
- 8.7 It was explained that the Ombudsman Report was not included within this report, that would be presented at a future Audit & Standards Committee.
- 8.8 The Council's top 3 remedies and service improvements were:
1.Apology 50% (52) ; 2.Finanical remedies 14% (15) and 3.Change, review or provide a service 13%(13).
- 8.9 The presentation outlined the Complaints Service Improvement Plan.
- 8.10 The Service Delivery Manager acknowledged the lack of information provided relating to racism and equalities. She explained that fields had been introduced into the complaints system which would highlight complaints relating to racism so that this information could be collated in the future.
- 8.11 At this stage of proceedings, the Chair of the meeting (Councillor Sioned-Mair Richards) left the meeting and Councillor Fran Belbin Chaired for the remainder of the meeting.
- 8.12 Members of the Committee asked questions and the following responses were provided: -
- 8.13 The Service Delivery Manager explained that Senior Leaders within the Council were now proactive in being accountable for complaints that fell within their portfolio. The Council had regular Senior Leadership Board (SLB) meetings in which the Service Delivery Manager attended to inform Senior Officers of those complaints. She explained that although Council's Repairs and Maintenance service received the highest number of complaints, that particular team was really efficient when it came to recording complaints and then working with customers on resolving those issues.
- 8.14 The Service Delivery Manager explained that any expression of

dissatisfaction constituted as a complaint. Citizens could express this in many ways such as a phone call, email or face to face. Officers were also responsible for recoding complaints if they felt a customer was dissatisfied with a particular service.

- 8.15 The Head of Customer Services confirmed that the vision for the new complaints system was to save individuals details so that you did not have to fill in a complaint from the start each time. This would also help with joined up working across services as these complaints can be seen by other services, when necessary, in order to give the best response possible to customers.
- 8.16 The Service Delivery Manager explained that a new project had begun in which British Sign Language Interpreters (BSL) would be able to help customers with that need navigate the Council's website and direct them to the service they needed.
- 8.17 The Service Delivery Manager explained there was regular Officer training in place which taught Officers how to recognise and complaint and then how to deal with it. She added that Officers will be encouraged to record complaints relating to racism.
- 8.18 The Head of Customer Services and Service Delivery Manager noted the comment in regard to making the actions in the report more robust and defined.
- 8.19 **RESOLVED:** That the Committee (1) gave review and consideration of the Annual Corporate Complaints Report 2022/23; and (2) gave approval and continued support of the Summary Corporate Complaints Improvement Plan for the period November 2022 - March 2024 to ensure objectives are met.

9. WORK PROGRAMME

- 9.1 The Committee considered a report of the Interim General Counsel that outlined the work programme for the remainder of the municipal year. Members were asked to identify any further items for inclusion.
- 9.2 **RESOLVED:** That (1) the work programme be noted;
- (2) the following items be moved on the work programme: -
- Code of Conduct and Complaints Procedure (From January 2024 to October 2023)
 - Community Schools Update (From July 2023 to October 2023)
 - Information Management Annual Report (From January 2024 to October 2023)
 - Update on Ombudsman Report 22/23 (From September 2023 to October 2023)

- Statement of Accounts 2022/23 (From November 2023 to January 2024); and

(3) the following item be included onto the work programme: -

- Statement of Account 2021/22 (September 2023)

10. DATES OF FUTURE MEETINGS

- 10.1 It was noted that the next meeting of the Committee would be held on 21 September, 2023.

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