

Audit and Standards Committee

Meeting held 21 September 2023

PRESENT: Councillors Mohammed Mahroof (Chair), Sioned-Mair Richards (Deputy Chair), Sue Alston, Fran Belbin, Simon Clement-Jones, Laura McClean, Henry Nottage and Alison Howard (Independent Co-opted Member)

1. APOLOGIES FOR ABSENCE

1.1 No apologies for absence were received.

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 27 July 2022 were agreed as an accurate record.

5. PUBLIC QUESTIONS & PETITIONS

5.1 The Chair (Councillor Mohammed Mahroof) stated that the Committee had received four questions from a member of the public, prior to the meeting. As these questions were submitted after the deadline the Chair agreed that the questions be noted at the meeting and that the questions and responses be included in the minutes.

5.2 Ruth Hubbard

1. I note the report of the External Auditor at agenda item 7 in relation to the annual accounts 2021/2. In relation to the Annual Governance Statement she says she has no further issues to report. However the AGS for the year in question is not written in line with the CIPFA/SOLACE requirements that I understand have statutory force. Omissions include no reference to the framework principles, and no statement of assurance in the AGS, but the whole approach taken does not really align with the requirements. Will the committee

bring this rapidly to the auditor's attention?

2. Last meeting I asked about the review of the members Code of Conduct and what would be different this time given the significant events documented in Lowcock and the failure of the members code of conduct at the time to be invoked and applied. Essentially the answer given was that the committee believed the same thing would not happen again under the new Code of Conduct, since adopted.

I feel this answer is misconceived and inaccurate. At the time of your discussions of the new Code of Conduct there was a real, live and clear bullying incident witnessed by all at a virtual full council meeting and perpetrated against a member of the public. No action appears to have been taken by anyone at all though, after considerable effort pursuing it following the incident, the then Deputy Leader wrote to me 7 months later that it was "not the council's finest hour". This incident - that was current at the time of your discussions - does not seem to have registered as being relevant or to have informed the committee's considerations of the new code of conduct - behaviours towards members of the public were simply unmentioned.

Some people may feel these kinds of incidents are all in the past now (and I hope they are). However, the failure of Audit and Standards Committee to pick up on issues through the street trees dispute, and its failure to acknowledge or pay attention to the fact of behaviours going on that we're concurrent to its consideration of the new Code of Conduct does not generate confidence for the future I.e. that inappropriate behaviours (or worse) will be swiftly picked up and dealt with. The problem seems to me not the words written in a Code of Conduct (and there was also a perfectly adequate Code of Conduct at the time of the street trees dispute too), but the reluctance or inability to apply it in practice (and perhaps in the face of other considerations regarded as more important). So I ask again, what will be different this time, in reviewing the Code of Conduct? Will this committee discuss the failure of its Code to be effective in practice in the past, and identify what needs to happen in the future to ensure that it is applied routinely, and is also seen to be so?

3. I have received no answer to my question from the July meeting about the numbers of outstanding complaints relating to the street trees dispute (at that July date). The guidance is that answers are normally provided within ten days (and I did not think this was a difficult or complex question to warrant such delay).

4. I note the review of the 2022/23 Annual Governance Statement in the committee's workplan (and that I raised last meeting for being approximately 90% of the exact same words from the previous years AGS, and for being almost entirely unaligned with the requirements of CIPFA/SOLACE framework). Given I think the AGS will essentially need to be rewritten almost in its entirety, and that it forms part of the annual accounts, will the committee reopen the statutory public inspection window once the AGS is re-done?

6. STATEMENT OF ACCOUNTS 2021/22 (AUDITED)

- 6.1 The Committee received a report of the Director of Finance and Commercial Services.
- 6.2 Clair Sharratt (Senior Finance Manager) explained that the Council's 2021/22 Statement of Accounts were previously approved by the Audit and Standards Committee on 9 March 2023, however, EY's (Ernst & Young) audit was not concluded before the release of the pension fund actuary's triennial valuation. As the audit was still open and due to the materiality of the triennial revaluation, we were required to reopen the accounts and adjust for the pension related items. The impact on the Statement of Accounts of these pension changes and a number of minor changes that have been made whilst the accounts were still open, were summarised at Appendix A..
- 6.3 Clair Sharratt (Senior Finance Manager) stated that once the Committee approves the accounts, then the Director of Finance and Commercial Services and the Chair of the Audit and Standards Committee will sign the accounts and letter of representation once EY have given notification that all outstanding queries had been resolved and their final reviews were complete.
- 6.4 Ruth Matheson (Finance Manager) asked Members to review the adjusted figures highlighted at Appendix A. She explained that the main change was the pension triennial revaluation figure. The Finance Manager also highlighted all the changes in the revised version, since the 9 March 2023 meeting.
- 6.5 The Senior Finance Manager thanked EY for their work throughout the year.
- 6.6 There were no question or comments made by Members of the Committee.
- 6.7 **RESOLVED:** That the Audit and Standards Committee;
- (1) notes the 2021/22 Sheffield City Council Audit Results Report;
- (2) approves the Statement of Accounts for 2021/22 as set out in Appendix B, subject to the finalisation of the audit requiring no further changes;
- (3) notes in accordance with The Accounts and Audit Regulations 2015, the Chair of the Audit and Standards Committee and Director of Finance and Commercial Services will sign the Statement of Accounts for 2021/22 on conclusion of the audit by Ernst & Young LLP (EY); and
- (4) notes the Letter of Management Representations to be submitted to the External Auditor is on the basis set out in EY's Audit Results report and this will be signed by the Director of Finance and Commercial Services and the Chair of Audit and Standards Committee.

7. EXTERNAL AUDIT PLAN 2021/22

- 7.1 The Committee received a report of the Council's External Auditors, Ernst & Young.
- 7.2 Dan Spiller (Ernst & Young) mentioned that the reasons why EY were currently not ready to sign off the Council's 2021/22 Statement of Accounts were outlined on page 5 of their report. He anticipated that they should be ready to sign off the Audit at the start of October 2023.
- 7.3 Members of the Committee asked questions and the following responses were provided: -
- 7.4 Dan Spiller explained that it was normal for the statutory audit of the Pension Authority to be initially signed off before the pension fund auditors complete their reporting on the constituent authorities.
- 7.5 Councillor Fran Belbin thanked the Finance Team and External auditors for their work throughout the year.
- 7.6 Dan Spiller explained that Infrastructure Assets were a significant risk area of their audit therefore EY did significant auditing in this area. He explained that due to CIPFA (Chartered Institute of Public Finance and Accountancy) guidance, which was released in December 2022, not as much detail had to be reported relating to Infrastructure Assets.
- 7.7 Dan Spiller explained the £5.3m reported relating to PPE valuations may sound like a substantial figure, but based on the Council's asset base in the billions, it is not significant in audit terms, it was more of an accumulation of errors.
- 7.8 Dan Spiller confirmed that as part of EY's assessment, they do cross check against the RICS red book, the CIPFA Code and the International Financial Reporting Standards.
- 7.9 The Senior Finance Manager explained that on the asset base, the Council has an official de minimis of 10 thousand pounds and the Council's valuers do look at all de minimis assets every year. The Council's asset register captures all de minimis assets and is fully complete for both management purposes and reporting purposes.
- 7.10 **RESOLVED:** That the Audit & Standards Committee notes the Audit Results Report by External Auditors, Ernst & Young.

8. ANNUAL INTERNAL AUDIT REPORT

- 8.1 The Committee received a report of the Senior Finance Manager, Internal Audit.
- 8.2 The Senior Finance Manager, Internal Audit (Linda Hunter) explained that report highlighted the work that had been undertaken by Internal Audit during the year and it also supported the Council's Annual Governance Statement (AGS).

8.3 The Senior Finance Manager, Internal Audit explained that from the work undertaken by Internal Audit during the year, she was satisfied that the risk management, governance and internal control framework were adequate to allow the Council to conduct its business appropriately. She gave an overall reasonable (positive) assurance opinion for the year.

8.4 Internal Audit had an agreed budget for 2022/23 as outlined in the table in the report, which also summarised the end of year budget position. The Senior Finance Manager, Internal Audit reported that there was an underspend last year due to staffing and that there was still one vacancy open.

8.5 The Senior Finance Manager, Internal Audit referred to the audit plan delivery in the report. She explained that a total of 91 assurance reviews were completed out of a revised 22/23 plan of 101. The target for the year was to complete 91 reviews, which was the agreed 90% target of the planned 101 reviews. Five reviews were deferred or deleted due to issues that only became apparent towards the end of the year after the mid-year plan had been completed.

8.6 The Senior Finance Manager, Internal Audit stated there were: -

- No assurance - 1 report.
- Limited assurance - 5 reports.
- Moderate assurance - 13 reports.
- Substantial assurance - 8 reports.

The no assurance report was where the Council had a significant weakness identified. The severity of risk then moved down to substantial assurance reports which were of minor risk to the Council.

8.7 The Senior Finance Manager, Internal Audit confirmed that all the five performance targets outlined in the report had been achieved.

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

8.9 The Senior Finance Manager, Internal Audit explained that the 1 no assurance report related to Fargate Containers. She mentioned that the progress of that report will be part of the recommendation tracker report, which will be presented to the Audit & Standards Committee in January 2024. Members of the Audit and Standards Committee would receive the report a week after this meeting.

8.10 The Senior Finance Manager, Internal Audit explained that due to some of the fraud cases found within the Council, it had led to either a dismissal or resignations of Council employees. Where areas of weakness relating to fraud had been found, processes had been put in place to mitigate further occurrences.

8.11 The Senior Finance Manager, Internal Audit stated that Sheffield City Council

were part of a core cities group in which they had meetings to benchmark and carry out comparative work.

8.12 The Senior Finance Manager, Internal Audit confirmed the deadline date for the completion of all audit recommendations for the Total Mobile application was March 2024. Around that time Internal Audit will be following up to see where they are with their recommendations which can then be reported to the Audit & Standards Committee at a future meeting.

8.13 The Senior Finance Manager, Internal Audit explained that core city peer reviews (an external assessment required from PSIAS) worked on a rotation basis. The Internal Audit Service would also look to use an independent organisation next time, to carry out their peer review.

8.14 **RESOLVED:** Note the content of the report and the opinion of the Senior Finance Manager.

9. INTERIM STANDARDS COMPLAINTS REPORT (HALF YEARLY)

9.1 The Committee received a report of the General Counsel.

9.2 The General Counsel (David Hollis) explained that the report was to provide an update for Audit and Standards Committee members on the current position of standards complaints against elected members, co-opted members and Town/Parish Councillors.

9.3 The General Counsel expressed his thanks to those who had assisted him throughout the year. Those being Sarah Hyde (Democratic Services), David Waxman (Independent Person) and Karen Widdowson (Independent Person).

9.4 The General Counsel referred to the table in the report that outlined the number of complaints received so far. There had been a total of 10 complaints received. The outcome of those complaints was shown as part of the table. There were 1 case that was still open.

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

9.6 The General Counsel explained the current position on recruiting Independent and Co-opted Members to the Audit and Standards Committee. He explained that both adverts would be published shortly for both positions. Sheffield City Council appoint Members jointly with Barnsley Council. The Audit & Standards Committee already had 1 Independent Co-opted Member and 2 Independent Persons. The Committee required a minimum of 2 Independent Persons although the General Counsel acknowledged it would be beneficial to recruit additional Independent Persons.

9.7 **RESOLVED:** That the Audit and Standards Committee (1) comments on the

interim standards complaints update; and (2) notes the report.

10. WORK PROGRAMME

10.1 The Committee considered a report of the General Counsel that outlined the work programme for the remainder of the municipal year. Members were asked to identify any further items for inclusion.

10.2 **RESOLVED:** That (1) the work programme be noted;

(2) the following items be moved on the work programme: -

- ICO Audit Report (From January 2024 to October 2023)
- Formal Response to (ISA 260) Recommendations' (From September 2023 to November 2023)
- Annual Governance Statement (From September 2023 to November 2023)
- Review of Members' Code of Conduct and Complaints Procedure (From September 2023 to November 2023)
- Annual Ombudsman Report (From October 2023 to November 2023)

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

- Workshop to review Members' Code of Conduct and Complaints Procedure (October 2023)
- Fargate Containers (October 2023)

11. DATES OF FUTURE MEETINGS

11.1 It was noted that the next meeting of the Committee would be held on 19 October 2023.

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