

Audit Committee

Meeting held 13 December 2012

PRESENT: Councillors Anders Hanson, Joe Otten (Deputy Chair) and Sioned-Mair Richards.

Co-opted Independent Members
Beryl Seaman and Rick Plews.

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1. APOLOGIES FOR ABSENCE

1.1 Apologies for absence were received from Councillors Steve Jones, Martin Lawton and Ray Satur.

2. DECLARATIONS OF INTEREST

2.1 Rick Plews declared a personal interest in item 11 (Financial/Commercial Monitoring of External Relationships) as a Trustee/Director of the Seven Hills Leisure Trust.

3. MINUTES OF PREVIOUS MEETING

3.1 The minutes of the meeting of the Committee held on 26 September 2012 were approved as a correct record.

Matters Arising

3.2 The Committee received an update from Jason Slatcher, Partnership Director, Capita, on the outstanding South Yorkshire pension queries. He indicated that there were 2200 outstanding cases, outlined the measures being undertaken to address the backlog and that it was intended that this work would be completed during January 2013.

3.3 **Resolved** that the Director of HR be requested to provide a verbal update on the outstanding South Yorkshire pension queries to the next meeting of the Committee.

4. ANNUAL AUDIT LETTER 2011/12

4.1 John Prentice (Director, KPMG) submitted the Annual Audit Letter for 2011/12 that summarised his audit of the City Council.

4.2 **Resolved** that Annual Audit Letter for 2011/12 be noted.

5. AUDIT ARRANGEMENTS 2012/13

5.1 John Prentice (Director, KPMG) submitted a letter that had been sent to the Chief

Executive on the arrangements for the Council audit for 2012/13, including details of the Audit personnel, indicative audit fee and billing arrangements.

5.2 **Resolved** that the audit arrangements for 2012/13 be noted.

6. CERTIFICATION OF GRANTS AND RETURNS ANNUAL REPORT 2011/12

6.1 John Prentice (Director, KPMG) submitted a report on the certification work on the Council's claims and returns for 2011/12 in relation to grants and subsidies it received from the Government and grant paying bodies. Five grants and returns had been certified with a total value of £481m and, arising from the work, four had been certified without amendment. The report included the recommendations arising from the work and details of progress made in implementing the recommendations arising from previous certification work.

6.2 **Resolved** that the report be noted.

7. IT RISK ASSESSMENT - PROGRESS REPORT

7.1 John Prentice (Director, KPMG) submitted a report giving details of progress in implementing agreed recommendations from previous Audit Commission IT risk assessments of the Council's IT systems.

7.2 **Resolved** that:

(a) the report be noted; and

(b) the Executive Director, Resources be requested to submit a further progress report, including an action plan, on the recommendations from the Audit Commission's IT Risk Assessment to the next meeting of the Committee.

8. DELIVERING INTERNAL AUDIT ACTIVITY

8.1 The Chief Internal Auditor submitted a report giving details of progress made against the 'new' auditable areas introduced for the 2012/13 audit plan. The report indicated that there were no issues or concerns to report to the Committee and the audits were progressing well, with management input and co-operation.

8.2 **Resolved** that the report be noted.

9. AUDIT COMMITTEE ANNUAL REPORT 2011/12

9.1 The Director of Modern Governance submitted the Committee's draft Annual Report that highlighted the work of the Committee and how it had contributed to monitoring and improving the Council's corporate governance arrangements and internal controls.

9.2 **Resolved** that the Audit Committee's Annual Report for 2011/12 be approved for submission to the Council Meeting on 23 January 2013.

10. EXCLUSION OF PUBLIC AND PRESS

10.1 **Resolved** that the public and press be excluded from the meeting before discussion takes place on item 11 (Financial/Commercial Monitoring of External Relationships) and item 12b (Marketing Sheffield) on the grounds that, if the public and press were present during the transaction of such business, there would be a disclosure to them of exempt information as described in paragraph 3 of Schedule 12A to the Local Government Act 1972, as amended.

11. FINANCIAL/COMMERCIAL MONITORING OF EXTERNAL RELATIONSHIPS

11.1 The Director of Finance introduced a report of the Executive Director, Resources providing an update on the financial and commercial monitoring of the Council's major external relationships and referred to the positive movements since the report to the Committee on 1 August 2012.

11.2 The Executive Director, Resources and Director of Finance responded to questions from Members of the Committee relating to Digital Region Limited, the relationship with Amey, the Pensions Authority and Burngreave New Deal for Communities.

11.3 **Resolved** that the report be noted.

12. MARKETING SHEFFIELD

12.1 The Committee considered (a) a report of the Executive Director, Place providing an update on the transition of Creative Sheffield into the Council, with particular reference to the newly created Marketing Sheffield function, and the Internal Audit reports on Creative Sheffield undertaken in 2010 and Marketing Sheffield in 2012 and (b) the 2012 Internal Audit report on Marketing Sheffield.

12.2 Brendan Moffett (Director, Marketing Sheffield) indicated that there had been a difficult transitional period. In respect of the 2012 Internal Audit report on Marketing Sheffield, 20 of the 26 recommendations had been actioned and the remainder would be actioned by the end of January 2013. The recommendations were being taken seriously.

12.3 **Resolved** that the Committee:

- (i) expresses its concerns at the contents of the Internal Audit report on Marketing Sheffield and that a number of the recommendations have not been implemented;
- (ii) requests the Executive Director, Place to submit a progress report on the 2012 Internal Audit report on Marketing Sheffield to the meetings of the Committee in late January, March and April 2013; and
- (iii) requests the Chief Internal Auditor to undertake a follow-up exercise on Marketing Sheffield and report on progress to the March or April meeting of

the Committee.

13. WORK PROGRAMME

13.1 The Committee considered a report of the Director of Modern Governance setting out the Committee's proposed Work Programme until April 2013.

13.2 **Resolved** that the Committee's Work Programme now submitted be approved with (a) the report from the Chief Internal Auditor on the Audit Commission Report on Protecting the Protecting the Public Purse/Update on counter fraud initiatives being considered at the 17 April 2013 meeting and (b) the following additional items:

- Recommendations from the Audit Commission's IT Risk Assessment - progress report, including an action plan, from the Executive Director, Resources (January 2013);
- 2012 Internal Audit report on Marketing Sheffield - a progress report from the Executive Director, Place (January, March and April 2013);
- progress report from the Chief Internal Auditor on the follow-up exercise on Marketing Sheffield (March or April 2013).

14. DATE OF NEXT MEETING

14.1 It was noted that (a) the next meeting of the Committee, due to be held on 23 January 2013, would be rearranged as a meeting of Full Council was to be held on that date and (b) an additional meeting of the Committee was being arranged for March 2013.