

# SHEFFIELD CITY COUNCIL

## Audit and Standards Committee

### Meeting held 13 July 2017

**PRESENT:** Councillors Josie Paszek (Chair), Adam Hanrahan, Dianne Hurst, Alan Law and Peter Price

Co-Opted Member

Liz Stanley

Representative of KPMG

Matt Ackroyd

Council Officers

John Mothersole, Chief Executive

Eugene Walker, Executive Director, Resources

Kayleigh Inman, Senior Finance Manager, Internal Audit

Stephen Bower, Finance Manager

Ruth Matheson, Assistant Finance Manager

Jane Walker, Business Manager

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#### **1. APOLOGIES FOR ABSENCE**

1.1 Apologies for absence were received from Councillors Pat Midgley and Paul Scriven.

#### **2. EXCLUSION OF THE PRESS AND PUBLIC**

2.1 No items were identified where it was proposed to exclude the public and press.

#### **3. DECLARATIONS OF INTEREST**

3.1 There were no declarations of interest.

#### **4. MINUTES OF PREVIOUS MEETINGS**

4.1 The minutes of the previous meetings of the Committee, held on 27 April and 17 May 2017, were approved as correct records.

#### **5. ANNUAL GOVERNANCE STATEMENT 2016-17**

5.1 The Director of Legal and Governance submitted a report outlining the Annual Governance Statement for 2016/17. The Council was required to produce, and have signed off, as part of its annual accounts, an Annual Governance Statement. The statement was intended to identify any significant control weaknesses and also to set out how the Council intended to address any weaknesses identified.

5.2 Eugene Walker, Executive Director, Resources, introduced the report. He commented that there were no major failures outlined in the statement. However,

there were issues highlighted which was good practice to outline in the statement.

5.3 One of the significant issues was the overspend in social care. There was an increasing demand in adults and children's social care which had a significant impact in 2016-17 and would continue to affect budgets in the future. However, measures had been taken to try and address the overspend.

5.4 A further issue which had been highlighted was a legal judgement regarding equality in licensing policy. Although, the Council had been compliant at the time of the original decision, the legal judgement meant a need to take steps to ensure compliance in the future, which had been taken.

5.5 Following a query from a Member of the Committee as to whether the recent Adult Social Care grant from the Government had made any difference to the overspend in social care, John Mothersole, Chief Executive, commented that the funding had been received after the year outlined in the statement. It would help with the general overspend but the main pressures related to Learning Disabilities and Looked After Children. There was a need to take a longer term view. Demand could not be reduced but earlier intervention could stop issues further down the line. Pressures in social care had been increasing across the country which was why the Government intervention in respect of funding was needed.

5.6 **Resolved:** That:-

- (i) the Committee notes the contents of the Annual Governance Statement for 2016/17 and that this had been signed by the Council Leader, Chief Executive and the Executive Director, Resources and that the statement formed part of the Annual Accounts; and
- (ii) the Chair's opening script at future meetings of the Licensing Committee be amended to reflect the change in the equality duty arising from the recent legal judgement.

## **6. ANNUAL AUDIT FEE LETTER 2017/18**

6.1 Matt Ackroyd, representing KPMG, introduced a report confirming the audit work and fee proposed for 2017/18.

6.2 **Resolved:** That the Committee notes the Annual Audit Fee Letter for 2017/18.

## **7. SUMMARY OF THE STATEMENT OF ACCOUNTS**

7.1 The Executive Director, Resources, submitted a report providing the Committee with a summary of the 2016/17 Statement of Accounts and explaining the core statements and a number of the key notes to the accounts.

7.2 Ruth Matheson, Assistant Finance Manager, introduced the report. She commented that the report was governed by accounting standards and legislation. Training for Members of the Committee by an independent consultant could be offered on this if Members felt this could assist with their role.

7.3 **Resolved:** That the Committee notes the core statements and the key notes to the Statement of Accounts for 2016/17.

## **8. PROGRESS ON AUDIT REPORTS WITH A HIGH OPINION**

8.1 The Senior Finance Manager, Internal Audit, submitted a report providing an updated position on implementation of recommendations contained in audit reports issued with a high opinion.

8.2 Kayleigh Inman, Senior Finance Manager, presented the report and commented that only one recommendation remained outstanding. Members were asked to agree to the removal of the Highways Maintenance Client Monitoring Arrangements and Statutory Responsibilities Health Check items.

8.3 In response to a question from a Member of the Committee regarding ongoing monitoring of the Statutory Responsibilities Health Check, Kayleigh Inman confirmed that Directors would be required to review as part of the annual governance declaration. Further to that an assurance framework pilot would be undertaken.

8.4 Responding to a question from the Chair regarding ongoing issues, Kayleigh Inman commented that these tended to be big issues which were not easily solved and that the 'ongoing' status reflected that work was in progress to address the recommendations.

8.5 In respect of a question from a Member of the Committee regarding fraud awareness training, Kayleigh Inman confirmed that an e-learning programme would be rolled out and all services would be required to undertake this once it was available.

8.6 **Resolved:** That the Committee:-

- (i) notes the contents of the report; and
- (ii) agrees to the removal of the Highways Maintenance Client Monitoring Arrangements and Statutory Responsibilities Health Check items from future reports.

## **9. INTERNAL AUDIT ANNUAL FRAUD REPORT**

9.1 The Head of Strategic Finance submitted a report outlining the work undertaken by Internal Audit on fraud and corruption, focusing on the outcomes of the work from its investigations and the work undertaken on the National Fraud initiative.

9.2 Stephen Bower, Finance Manager, presented the report. He commented that the Internal Audit team lead on fraud management but managers were required to take action to address issues. Resources in the internal audit team were prioritised on the major concerns and could be moved around where needed.

- 9.3 Stephen Bower added that Housing Benefit Fraud was regulated by PriceWaterhouseCoopers (PWC). Last year it was reported that there was £325 million worth of fraud in this area nationally. However, this was just the level of fraud that was reported and the actual figure was likely to be closer to around £2.2 billion.
- 9.4 The largest number of frauds was single persons discount of Council Tax. The biggest fraud last year at the Council was a person recrediting income to their own credit card. Measures had been taken and Mr Bower believed that a fraud of this type could not happen again.
- 9.5 Regarding a question in respect of Housing Benefit fraud and neglected properties, Stephen Bower commented that Council properties were well managed in respect of this. Issues that arose tended to be related to housing association properties. If Members were aware of properties that were neglected they should let officers know.
- 9.6 **Resolved:** That the Committee notes the contents of the report.

## **10. WORK PROGRAMME**

- 10.1 The Director of Legal and Governance submitted a report providing details of an outline work programme for the Committee for the 2017/18 municipal year.
- 10.2 **Resolved:** That the Committee's work programme for the 2017/18 municipal year be approved.