

Audit and Standards Committee

Meeting held 16 November 2016

PRESENT: Councillors Josie Paszek (Chair), Alan Law, Pat Midgley and Peter Price

Co-opted Independent Member
Liz Stanley

Representative of KPMG
Alison Ormston (Senior Manager)

Council Officers
Eugene Walker (Acting Executive Director, Resources)
Gillian Duckworth (Director of Legal and Governance)
Dave Phillips (Head of Strategic Finance)
Kayleigh Inman (Senior Finance Manager, Internal Audit)
Lynsey Linton (Head of Human Resources)
Andrew Fellows (Customer Services Manager)
Richard Garrad (Corporate Risk Manager)
Dave Ross (Principal Committee Secretary)

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1. APOLOGIES FOR ABSENCE

1.1 Apologies for absence were received from Councillors Dianne Hurst and Vickie Priestley.

2. DECLARATIONS OF INTEREST

2.1 Councillor Pat Midgley declared a general personal interest in the items on the agenda as a Council-appointed Director of the Manor and Castle Development Trust.

2.2 Alison Ormston, Senior Finance Manager, KPMG, declared an interest in the item on the Changes to the Arrangements for the Appointment of External Auditors due to a potential conflict of interest and indicated that she would leave the meeting when that item was considered.

3. APPOINTMENT OF DEPUTY CHAIR

3.1 **Resolved:** That Councillor Vickie Priestley be appointed as Deputy Chair of the Committee for 2016/17.

4. MINUTES OF PREVIOUS MEETING

4.1 The minutes of the meeting of the Committee held on 15 September 2016 were approved as a correct record.

5. WHISTLEBLOWING POLICY

- 5.1 Lynsey Linton, Head of Human Resources, introduced a report that indicated that the Council has a Whistleblowing Policy to enable employees to raise matters of concern that are in the public interest so that they may be investigated and, where appropriate, acted upon. The current Policy was adopted by the Council in October 2012 and it had been redesigned, refreshed and updated to simplify and aid understanding for the individual raising a concern and to clarify who should respond to that concern and how it is processed. The revised Policy was attached as an appendix to the report.
- 5.2 Members and officers made a number of suggested amendments to the Whistleblowing Policy, including the deletion of the reference to the Audit Commission, the inclusion of timescales and the amendment to the Interim Director of Finance's job title.
- 5.3 **Resolved:** That:-
- (a) the revised Whistleblowing Policy appended to the report now submitted is approved with the inclusion of timescales, the deletion of the reference to the Audit Commission and the amendment of the Interim Director of Finance's job title to read Head of Strategic Finance; and
 - (b) arrangements be made for the Constitution to be amended accordingly.

6. ANNUAL OMBUDSMAN AND COMPLAINTS REPORT 2015/16

- 6.1 The Committee considered a joint report of the Directors of Human Resources and Legal and Governance that provided an overview of the complaints received and formally referred and determined by the three Ombudsmen (Local Government, Parliamentary and Health Service and Housing) during the period from 1 April 2015 to 31 March 2016 regarding services provided by the Council, both directly and through partners. The report also identified future developments and areas for improvement in complaint management.
- 6.2 In presenting the report, Andrew Fellows, Customer Services Manager, referred to dealing with Ombudsman complaints in a timely manner, the Government's intention to create a single Public Service Ombudsman and improvements to complaint recording that were being considered. He also highlighted the areas for improvement that had been identified in the way that complaints are generally managed and these related to reviewing how learning from complaints can be improved, carrying out communications with key stakeholders to improve awareness of complaints processes and trends and investigating how to improve the visibility of complaints resolved through problem solving.
- 6.3 In response to questions from Members of the Committee, the Customer Services Manager indicated that:-
- There would be move from a more bureaucratic system to recording details

within the service and these would feed into service improvements.

- In terms of how Sheffield compared to similar sized authorities, the only comparator was on Ombudsman complaints with the Core Cities Group. Sheffield was not out of step with the national picture, where complaints relating to Adult Social Care featured highly.
- With regard to the increase in the number of complaints relating to Amey, four year data or in year statistics were not available and officers were working with the client to improve the level of visibility.

6.4 **Resolved:** The Committee accepts the report on the performance of Ombudsman complaints and notes the issues raised.

7. **RECOMMENDATION TRACKING PROCESS**

7.1 As requested at the last meeting of the Committee, Kayleigh Inman, Senior Finance Manager, Internal Audit, submitted a report that summarised the process applied by Internal Audit to follow-up on the implementation of agreed audit recommendations. The responsibility for implementation and monitoring lay with the service managers/identified responsible officers and not with Internal Audit.

7.2 **Resolved:** That the contents of the report now submitted be noted.

8. **ANNUAL AUDIT LETTER 2015/16**

8.1 Alison Ormston, Senior Manager, KPMG, introduced the Annual Audit Letter that summarised the outcome from their audit work at the Council for 2015/16. The Letter would also be published on the Council's website.

8.2 **Resolved:** That the Committee notes the contents of the External Auditor's Annual Audit Letter 2015/16.

9. **EXCLUSION OF THE PRESS AND PUBLIC**

9.1 **Resolved:** That the public and press be excluded from the meeting before discussion takes place on the following item of business on Strategic Risk Management 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.

10. **STRATEGIC RISK MANAGEMENT**

10.1 Richard Garrad, Corporate Risk Manager, submitted a report and gave a presentation on the effectiveness of the Council's risk management arrangements from July 2015 to June 2016 and that assessed:-

- The Council's current Risk Management arrangements and the measures being implemented to further strengthen and improve those arrangements;

and

- The current and emerging risks to delivery of the Council's strategic objectives and the controls in place to manage those risks.

10.2 He explained that there had been an improvement from Amber to a Green rating (processes functioning effectively and requires no intervention at this time) and a sustained downward trend in levels of residual risk was now being achieved. He also referred to the significant improvements that had been introduced, including a simplified risk management framework and areas where risk management had achieved operational improvements.

10.3 The Corporate Risk Manager and Acting Executive Director, Resources responded to questions from Members of the Committee on employee morale and the effectiveness of partnership working.

10.4 **Resolved:** That the Committee:-

- (a) notes the current assessment of the Council's Risk Management arrangements and endorses the measures being taken to strengthen those arrangements;
- (b) notes the improving trend in the management of risks; and
- (c) notes the current and emerging risks and endorses the actions being taken to mitigate those risks.

(Note: At this point in the proceedings, the meeting was reopened to the public and press).

11. **WORK PROGRAMME**

11.1 The Director of Legal and Governance (a) submitted a report providing details of an outline work programme for the Committee to July 2017 and (b) suggested that the Audit Committee Annual Report be circulated to Members of this Committee and the former Audit Committee for comment and submitted direct to the Full Council Meeting rather than to the next meeting of this Committee.

11.2 **Resolved:** That the work programme is approved and the Annual Audit Report is submitted to the Full Council Meeting in January 2017 as now reported.

12. **CHANGES TO THE ARRANGEMENTS FOR THE APPOINTMENT OF EXTERNAL AUDITORS**

12.1 Kayleigh Inman, Senior Finance Manager, Internal Audit, introduced a report of the Head of Strategic Finance that summarised the changes to the arrangements for appointing External Auditors following the closure of the Audit Commission. Appended to the report was a prospectus issued by the Public Sector Audit Appointments Limited on developing the option of a national scheme for local auditor appointments.

12.2 As requested at the previous meeting of the Committee, the report also included consideration of the costs and benefits of independent procurement and opting into the Sector-led Body. The Council would need to consider the available options and put in place new arrangements in time to make a first appointment by 31 December 2017. All the South and West Yorkshire local authorities had been contacted, together with the Sheffield City Region and Passenger Transport Executive, and all preferred the sector-led approach.

12.3 **Resolved:** That the Committee:-

- (a) supports the principle of joining the Public Sector Audit Appointments (PSAA) Limited for the procurement of audit contracts with effect from 2018/19; and
- (b) notes that a formal decision to accept the PSAA invitation will be required by Full Council at a later date.

(Note: Alison Ormston, KPMG, left the meeting prior to consideration of the above item on the Changes to the Arrangements for the Appointment of the External Auditor due to a potential conflict of interest).

13. DATES OF FUTURE MEETINGS

13.1 It was noted that meetings of the Committee would be held at 5.00 p.m. on:-

- 8 December 2016 (additional meeting if required)
- 12 January 2017
- 16 February 2017 (additional meeting if required)
- 9 March 2017 (additional meeting if required)
- 27 April 2017
- 13 July 2017

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