

SHEFFIELD CITY COUNCIL

Audit and Standards Committee

Meeting held 13 June 2019

PRESENT: Councillors Mark Jones (Chair), Simon Clement-Jones (Deputy Chair), Angela Argenzio, Adam Hurst, Alan Law, Mohammed Mahroof and Liz Stanley

Co-Opted Member

Liz Stanley

Ernst and Young (External Auditors)

Stephen Clark

Independent Persons

Jo Cairns

David Waxman

Council Officers

Eugene Walker – Executive Director of Resources

Gillian Duckworth – Director of Legal and Governance

Dave Phillips – Head of Strategic Finance

Kayleigh Inman – Senior Finance Manager, Internal Audit

Stephen Bottomley – Senior Finance Manager

Steve Bower – Finance Manager

Simon Hughes – Principal Committee Secretary

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1. APOLOGIES FOR ABSENCE

1.1 An apology for absence was received from Councillor Francyne Johnson.

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 No declarations of interest were made.

4. MINUTES OF PREVIOUS MEETINGS

4.1 The minutes of the previous meetings of the Committee held on 18th April 2019 and 15th May 2019 were approved as a correct record.

5. ANNUAL STANDARDS REPORT 2018-19

- 5.1 The Director of Legal and Governance submitted a report highlighting the activities of the Committee and providing details of the outcome of the Standards complaints received from January 2018 through to May 2019.
- 5.2 The combined Audit and Standards Committee had been established in 2017 as the two separate committees of Audit Committee and Standards Committee considered issues that overlapped e.g. complaints, ombudsman and whistleblowing. The Annual Standards Report would be presented to Full Council and therefore, the Chair may wish add a foreword. The Committee had two Independent Persons appointed to assist the Monitoring Officer and their input was highly valued. The report set out the complaints dealt with by the Monitoring Officer from January 2018 to May 2019. The Monitoring Officer reported that the majority of the complaints received were either Parish Council or social media related.
- 5.3 All new Members had received training on the Members Code of Conduct and supplementary training would also be provided to Members on the Planning and Highways, and Licensing Committees. Members needed to ensure their Register of Interests were up to date.
- 5.4 The Monitoring Officer reported that the year ahead would see a roll out of Code of conduct refresh training for all elected and Co-Opted Members including training on the ethical framework, decision making, member/officer protocols and the use of social media.
- 5.5 In addition, the Monitoring Officer brought to the attention of the Committee, The Committee for Standards in Public Life report on Local Government Ethical Standards produced in January 2019. The Monitoring Officer reported that the whole report was attached for reference, but in particular, drew Members attention to the Executive Summary (Page 10), the list of 26 recommendations (primarily directed at National Government) (Page 14) and the list of Best Practice for Local Authorities (Page 18). As the report authors recognised that the bulk of their recommendations required a change in legislation, they had also produced best practice recommendations to allow local authorities to act immediately on their findings where possible. Paragraph 11.1 of the report set out the areas that the Monitoring Officer considered improvements could be made to enable the Council to adopt the recommended best practice. It was noted that some of the Councils existing practice was already in accordance with the recommended best practice.
- 5.5 **RESOLVED:** That the Chair of the Committee and the Monitoring Officer to meet to agree the timing and format for a workshop style session for all of the Committee Members to discuss ethical standards, consider the report in more detail and agree

recommendations to Full Council.

6. TREASURY MANAGEMENT OVERVIEW

6.1 The Treasury Manager gave a presentation which provided an overview of Treasury Management. The presentation detailed:

- the CIPFA Treasury Management Code
- the regulatory environment
- debt composition of the Council
- key reports
- lender option borrower option loans
- the Council's maturity profile
- repaying debts

6.1 The presentation also looked at accessing financial/money markets, borrowing, risk management and guidance on revenue provision. The four key reports were the Treasury Management Strategy, Investment Strategy, Revenue Provision and Budget Outturn.

6.2 **RESOLVED:** that the Committee note the presentation.

7. 2018-19 SUMMARY OF STATEMENT OF ACCOUNTS

7.1 The Executive Director, Resources submitted a report providing the Committee with a summary of the 2018/19 Statement of Accounts, which explained the core statements and a number of key notes to the accounts.

7.2 The Head of Strategic Finance introduced the report. It was advised that the report was governed by accounting standards and legislation.

7.3 Public inspection of the accounts was currently underway and a full set of the accounts had been published on the Council's website.

7.4 **RESOLVED:** That the Audit and Standards Committee note the core statements and the key notes to the Statement of Accounts for 2018/19.

8. INTERNAL AUDIT ANNUAL FRAUD REPORT 2018/19

8.1 The Head of Strategic Finance submitted a report to the Committee. Stephen Bower, Finance Manager (Internal Audit), informed the Committee of the outcomes of the work undertaken by Internal Audit on fraud and corruption in 2018/19 and the proposed work for 2019/20.

8.2 SCC had a suite of fraud related policies which had been previously approved by the Committee that gave a consistent message about fraud tolerance and the approach for the identification of fraud risks and their mitigation. There was also a

process to allow managers to investigate potential fraud effectively, in line with other relevant policies and procedures.

- 8.3 Throughout 2018/19, Internal Audit had conducted 29 investigations into alleged fraud and supported management to investigate a further 36 cases. The cases investigated related to members of staff and included false claims for services/benefits, cash theft, excessive use of internet during working time and falsification of expense claims and timesheets.
- 8.4 In all cases, they were dealt with efficiently and following investigations appropriate sanctions were applied where cases were proven.
- 8.5 The proposed work for 2019/20 equated to approximately 18% of the Internal Audit work plan. This covered 5 areas, including time for investigations, time to review and update policies, resources to manage the NFI processes, an annual review of Housing Benefits processes and six reviews to assess areas from an anti-fraud perspective.
- 8.6 A completed checklist for those responsible for governance was attached to the report.
- 8.7 **RESOLVED:** That:-
- (a) The Committee note the content of the report.
 - (b) The Committee note the completed checklist for those responsible for governance.

9. LENDER OPTION BORROWER OPTION OBJECTION REPORT

- 9.1 The Head of Strategic Finance submitted a report which summarised the findings of the external auditor's (KPMG) review of an objection of the 16/17 accounts into the Council's Lender Option Borrower Option (LOBO) loans.
- 9.2 Similar objections had been received by Council's around the country and KPMG had carried out a full investigation and concluded that no further action was required in respect of the objection. The full report of KPMG was attached to the report.
- 9.3 **RESOLVED** that the Committee note the report and the auditor's conclusion that no further action was required in respect of the objection.

10. WORK PROGRAMME

10.1 The Director of Legal and Governance submitted a report which provided details of an outline work programme for the Committee for July 2019. An updated programme for the forthcoming year would be submitted to the next meeting of the Committee.

10.2 **RESOLVED:** That:-

- (a) Information Management be amended to Internal Audit Information Management, as the information management report would appear later in the programme.
- (b) Standards Committee Annual Report entry for July be removed from the Work Programme.

11. DATES OF FUTURE MEETINGS

11.1 It was noted that meetings of the Committee would be held on:-

- 25th July 2019 (4.30pm)
- 17th October 2019 (5.00pm)
- 23rd January 2020 (5.00pm)
- 20th February 2020 (5.00pm)
- 19th March 2020 (5.00pm)
- 16th April 2020 (5.00pm)
- 11th June 2020 (5.00pm)
- 23rd July 2020 (5.00pm)

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