

# Audit and Standards Committee

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**Thursday 17 November 2022 at 5.00 pm**

**Town Hall, Sheffield, S1 2HH**

**The Press and Public are Welcome to Attend**

## **Membership**

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Councillors Colin Ross (Chair), Ben Curran (Deputy Chair), Angela Argenzio, Simon Clement-Jones, Tom Hunt, Kevin Oxley and Garry Weatherall.

## **Independent Co-opted Members**

Alison Howard.

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## **PUBLIC ACCESS TO THE MEETING**

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The Audit and Standards Committee oversees and assesses the Council's risk management, control and corporate governance arrangements and advises the Council on the adequacy and effectiveness of these arrangements. The Committee has delegated powers to approve the Council's Statement of Accounts and consider the Annual Letter from the External Auditor.

The Committee is also responsible for promoting high standards of conduct by Councillors and co-opted members.

A copy of the agenda and reports is available on the Council's website at <http://democracy.sheffield.gov.uk>. You can also see the reports to be discussed at the meeting if you call at the First Point Reception, Town Hall, Pinstone Street entrance. The Reception is open between 9.00 am and 5.00 pm, Monday to Thursday and between 9.00 am and 4.45 pm. on Friday. You may not be allowed to see some reports because they contain confidential information.

Recording is allowed at meetings of the Committee under the direction of the Chair of the meeting. Please see the website or contact Democratic Services for details of the Council's protocol on audio/visual recording and photography at council meetings.

If you require any further information please contact Sarah Cottam in Democratic Services on 0114 273 5033 or email [sarah.cottam@sheffield.gov.uk](mailto:sarah.cottam@sheffield.gov.uk).

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## **FACILITIES**

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There are public toilets available, with wheelchair access, on the ground floor of the Town Hall. Induction loop facilities are available in meeting rooms.

Access for people with mobility difficulties can be obtained through the ramp on the side to the main Town Hall entrance.

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**AUDIT AND STANDARDS COMMITTEE AGENDA  
17 NOVEMBER 2022**

**Order of Business**

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- 1. Welcome and Housekeeping Arrangements**
- 2. Apologies for Absence**
- 3. Exclusion of the Press and Public**  
To identify items where resolutions may be moved to exclude the press and public.
- 4. Declarations of Interest** (Pages 5 - 8)  
Members to declare any interests they have in the business to be considered at the meeting.
- 5. Minutes of Previous Meeting** (Pages 9 - 16)  
To approve the minutes of the meeting of the Committee held on 22 September 2022
- 6. Annual Corporate Complaints Report & Annual Ombudsman Report 2021/22** (Pages 17 - 72)  
Report of the Director of HR and Customer Services / Monitoring Officer
- 7. Work Programme** (Pages 73 - 82)  
Report of the Interim Director of Legal and Governance.
- 8. Dates of Future Meetings**  
To note that the next meeting of the Committee will be held at 5.00 p.m. on:-  
22 December 2022

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## ADVICE TO MEMBERS ON DECLARING INTERESTS AT MEETINGS

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If you are present at a meeting of the Council, of its Policy Committees, or of any committee, sub-committee, joint committee, or joint sub-committee of the authority, and you have a **Disclosable Pecuniary Interest** (DPI) relating to any business that will be considered at the meeting, you must not:

- participate in any discussion of the business at the meeting, or if you become aware of your Disclosable Pecuniary Interest during the meeting, participate further in any discussion of the business, or
- participate in any vote or further vote taken on the matter at the meeting.

These prohibitions apply to any form of participation, including speaking as a member of the public.

You **must**:

- leave the room (in accordance with the Members' Code of Conduct)
- make a verbal declaration of the existence and nature of any DPI at any meeting at which you are present at which an item of business which affects or relates to the subject matter of that interest is under consideration, at or before the consideration of the item of business or as soon as the interest becomes apparent.
- declare it to the meeting and notify the Council's Monitoring Officer within 28 days, if the DPI is not already registered.

If you have any of the following pecuniary interests, they are your **disclosable pecuniary interests** under the new national rules. You have a pecuniary interest if you, or your spouse or civil partner, have a pecuniary interest.

- Any employment, office, trade, profession or vocation carried on for profit or gain, which you, or your spouse or civil partner undertakes.
- Any payment or provision of any other financial benefit (other than from your council or authority) made or provided within the relevant period\* in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

\*The relevant period is the 12 months ending on the day when you tell the Monitoring Officer about your disclosable pecuniary interests.

- Any contract which is made between you, or your spouse or your civil partner (or a body in which you, or your spouse or your civil partner, has a beneficial interest) and your council or authority –
  - under which goods or services are to be provided or works are to be executed; and
  - which has not been fully discharged.

- Any beneficial interest in land which you, or your spouse or your civil partner, have and which is within the area of your council or authority.
- Any licence (alone or jointly with others) which you, or your spouse or your civil partner, holds to occupy land in the area of your council or authority for a month or longer.
- Any tenancy where (to your knowledge) –
  - the landlord is your council or authority; and
  - the tenant is a body in which you, or your spouse or your civil partner, has a beneficial interest.
- Any beneficial interest which you, or your spouse or your civil partner has in securities of a body where -
  - (a) that body (to your knowledge) has a place of business or land in the area of your council or authority; and
  - (b) either -
    - the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
    - if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, or your spouse or your civil partner, has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

If you attend a meeting at which any item of business is to be considered and you are aware that you have a **personal interest** in the matter which does not amount to a DPI, you must make verbal declaration of the existence and nature of that interest at or before the consideration of the item of business or as soon as the interest becomes apparent. You should leave the room if your continued presence is incompatible with the 7 Principles of Public Life (selflessness; integrity; objectivity; accountability; openness; honesty; and leadership).

You have a personal interest where –

- a decision in relation to that business might reasonably be regarded as affecting the well-being or financial standing (including interests in land and easements over land) of you or a member of your family or a person or an organisation with whom you have a close association to a greater extent than it would affect the majority of the Council Tax payers, ratepayers or inhabitants of the ward or electoral area for which you have been elected or otherwise of the Authority's administrative area, or
- it relates to or is likely to affect any of the interests that are defined as DPIs but are in respect of a member of your family (other than a partner) or a person with whom you have a close association.

Guidance on declarations of interest, incorporating regulations published by the Government in relation to Disclosable Pecuniary Interests, has been circulated to you previously.

You should identify any potential interest you may have relating to business to be considered at the meeting. This will help you and anyone that you ask for advice to fully consider all the circumstances before deciding what action you should take.

In certain circumstances the Council may grant a **dispensation** to permit a Member to take part in the business of the Authority even if the member has a Disclosable Pecuniary Interest relating to that business.

To obtain a dispensation, you must write to the Monitoring Officer at least 48 hours before the meeting in question, explaining why a dispensation is sought and desirable, and specifying the period of time for which it is sought. The Monitoring Officer may consult with the Independent Person or the Council's Standards Committee in relation to a request for dispensation.

Further advice can be obtained from David Hollis, Interim Director of Legal and Governance by emailing [david.hollis@sheffield.gov.uk](mailto:david.hollis@sheffield.gov.uk).

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## SHEFFIELD CITY COUNCIL

### Audit and Standards Committee

#### Meeting held 22 September 2022

**PRESENT:** Councillors Colin Ross (Chair), Angela Argenzio, Simon Clement-Jones, Tom Hunt, Kevin Oxley and Alison Howard (Independent Co-opted Member)

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

- 1.1 Apologies for absence were received from Councillors Ben Curran and Garry Weatherall.

#### **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 made at the meeting.

#### **4. MINUTES OF PREVIOUS MEETING**

- 4.1 **RESOLVED:** That the minutes of the meetings held on 28 July 2022 were agreed as an accurate record, subject to a typographical error at 5.3 of the minutes.

#### **5. EXTERNAL AUDIT PLAN 2021/22**

- 5.1 Hayley Clark (Partner), and Dan Spiller (Senior Manager), Ernst & Young LLP attended the meeting to present the report to the Committee.
- 5.2 Hayley Clark explained that the report set out the Council's Audit risks and areas of focus, in which the risks identified had not seen much progress.
- 5.3 The Committee were informed that the materiality for 2021/22 were set at £28.7m. That represented 1.8% of the Council's 2021/22 Draft Accounts' gross expenditure on provision of services.
- 5.4 Hayley Clark referred to page 32 of the report which outlined Ernst & Young's timetable of communication and deliverables.

- 5.5 Dan Spiller referred to page 5 of the report which set the Council's Audit risks. It was explained that a new risk had been identified which was the Valuation of Highways Infrastructure Assets. Although, this risk had emerged nationally therefore impacted many authorities. The Committee were informed that further details on that risk were set out on page 14 of the report.
- 5.6 Dan Spiller explained there was 3 areas that could potentially cause significant impact in relation to Value for Money and they were identified on page 22 of the report.
- 5.7 Members of the Committee asked questions and the following responses were provided: -
- 5.8 Hayley Clark explained that Ernst & Young's audit had already started and would continue over the coming months. Those audit results would be reported at the Audit and Standards Committee meeting in January 2023. It was added that the Value for Money commentary would be reported at the March 2023 Committee meeting. Hayley Clark mentioned that if anything of significant impact needed to be reported earlier than scheduled, then they would bring those findings to an earlier Committee meeting.
- 5.9 Hayley Clark explained that due to the change in Code of Audit Practice in 2020, Ernst & Young do have a responsibility to monitor the Council's current financial position. It was added that Ernst & Young also had regular meetings with the Director of Finance and Commercial Services, in which they received regular updates.
- 5.10 The Director of Finance and Commercial Services, Ryan Keyworth asked that Ernst & Young raised any significant issues with the Committee, prior to the Committee signing of the Council's 2023/24 Budget in March 2023.
- 5.11 Hayley Clark explained that the new risk identified around Valuation of Highways Infrastructure Assets was a complex technical issue. She explained that it mainly came down to the valuation of assets on the balance sheet and there were ongoing consultations to identify a way forward at a national level. These were still underway and Ernst and Young would continue to liaise with management on this risk, and take action to assess the extent to which the issue impacts on the Council.
- 5.12 RESOLVED: That the Audit & Standards Committee noted the External Audit Plan 2021/22.

## **6. ANNUAL INTERNAL AUDIT REPORT**

- 6.1 The Committee received a report of the Senior Finance Manager, Internal Audit which highlighted the work that had been undertaken by Internal Audit during the year. The report also supported the Council's Annual Governance Statement.
- 6.2 The Senior Finance Manager, Internal Audit, Linda Hunter stated that she was satisfied that the risk management, governance, and internal control framework were adequate to allow the Council the conduct its business appropriately.
- 6.3 It was stated that page 19 of the report outlined the Council's professional requirements. It was added that Appendix A to the report was an Internal Audit Charter, and Appendix B was an Internal Audit Quality Assurance and Improvement Programme.
- 6.4 It was mentioned that Internal Audit reports are then given an overall opinion as to the likelihood of the service/system under review being able to meet its objectives. Those opinions were set out on page 25 of the report. The Committee were informed that there was 0 no assurance reports, 12 Limited assurance reports, 15 Moderate assurance reports and 8 Substantial assurance reports.
- 6.5 Performance targets figures were outlined on page 27 of the report. It was mentioned that 4 out of 5 performance targets were met.
- 6.6 Members of the Committee asked questions and the following responses were provided: -
- 6.7 The Senior Finance Manager, Internal Audit explained that the Internal Audit Section had been working virtually from home for the entirety of the year being reported upon. This position was currently changing with a hybrid approach being adopted. Staff were expected to spend 40% of their working week carrying out office-based working.
- 6.8 The Senior Finance Manager, Internal Audit stated that the 12 Limited assurance reports, mentioned on page 25, would be added to the recommendation tracker, which will be presented to the Committee at a future meeting. These will also be reported to the Performance Delivery Board, to determine whether service officers need additional support.
- 6.9 The Senior Finance Manager, Internal Audit confirmed the hybrid style of working for Internal Audit staff had not caused any significant impact of being able to carry out duties. It was mentioned that the staff still had access to all the required equipment and systems. The service had also noticed less cancelations occurring, since moving their audit meetings onto Microsoft Teams.
- 6.10 RESOLVED: That the Audit & Standards Committee noted the

content of the report and the opinion of the Senior Finance Manager.

## **7. FORMAL RESPONSE TO AUDIT (ISA 260) RECOMMENDATIONS**

7.1 The Committee received a report of the Director of Finance and Commercial Services, Ryan Keyworth. The report provided Members with an update on progress to consider and implement Ernst & Young's prior year recommendations, following the audit of the Council's 2019/20 and 2020/21 Statement of Accounts.

7.2 Ruth Matheson (Finance Manager) explained that each year Ernst & Young (EY) carry out an annual audit of the Council's statement of accounts and make recommendations (observations) in their Audit Results (ISA 260) report that is reported to Members of the Audit and Standards Committee. Such recommendations were for officers to implement within EY's suggested timeframes, which EY monitor and regularly update the Committee on the Council's progress. Ernst & Young presented their 2020/21 Audit Results report to the Audit and Standards Committee on 20 January 2022, which was finalised and reissued alongside EY's opinion on 1 March 2022. The Audit Results report listed fifteen open observations, both from 2019/20 and 2020/21. The nine open observations relating to 2019/20 remained open at the end of the 2020/21 audit, as EY had reported these at the end of the 2020/21 financial year and acknowledged that officers had little opportunity within the timescales to take action on the recommendations in time for EY to report in 2020/21. It was added that the observations were outlined at Appendix 1 of the report.

7.3 Ruth Matheson outlined the observations for 2019/20 and 2020/21 that had the most significant impact on the Council's accounts. These were as follows: -

### 2019/20

- Property Plant and Equipment
- School Balances
- Expenditure/payables cut off

### 2020/21

- Debtors
- IFRS 16
- Investment Properties
- Members of Interests
- Quality Assurance
- Leases

Further information was outlined from pages 53 to 62 of the report.

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

7.5 The Director of Legal and Governance, Gillian Duckworth explained

that Members were asked to complete a Declaration of Interests form immediately after being elected. Members should also receive an annual notification, reminding them to review their form. It was added that it was the Members responsibility to inform Officers of any changes throughout the year.

7.6 Ruth Matheson explained that some of the recommendations mentioned may re-occur. EY might also make further recommendations to those outlined to keep improving. Ruth Matheson did not believe there was any recommendation outlined that that was of significant weakness, each recommendation was believed to have appropriate measures in place.

7.7 Hayley Clark stated that she was assured that the majority of the 15 recommendations outlined would be closed off immediately. She added that there was always the chance of additional recommendations being identified.

7.8 The Director of Finance and Commercial Services confirmed that planning had begun for how to deal with the terminations of school PFI contracts.

7.9 RESOLVED: That the Audit and Standards Committee noted management's response on progress made to Ernst & Young's prior year recommendations.

## **8. INTERIM STANDARDS COMPLAINTS REPORT**

8.1 The Committee received a report of the Director of Legal and Governance, Gillian Duckworth which explained the current position of standards complaints against elected Members, Co-Opted Members and Town/Parish Councillors.

8.2 The Director of Legal & Governance mentioned that the Audit & Standards Committee asked for this interim report, earlier in the year when the annual report was being presented.

8.3 The report also referred to the new appointments of independent persons (IP). It was added that 3.8 of the report mentioned that the panel who appointed the IP's were of the opinion that it may be beneficial to appoint additional IPs, to ensure the continuation of an independent voice and to increase diversity.

8.4 The Committee were informed that 3.10 of the report highlighted the complaint outcomes for complaints made within January to July 2022.

8.5 A Member of the Committee asked a question, and the following response were provided: -

8.6 The Director of Legal and Governance confirmed the 2 outstanding complaints had been passed on to the Assistant Director Legal and Governance as she was leaving the Council on the 23 September 2022.

8.7 RESOLVED: That the Audit & Standards Committee (1) commented on the interim standards complaints update; and (2) noted the report.

## **9. ANNUAL GOVERNANCE STATEMENT**

9.1 The Committee received a revised version of a report by the Director of Legal and Governance, prior to the meeting.

9.2 The Director of Legal and Governance explained that the Council was required to conduct at least annually, a review of the effectiveness of its Governance Framework and System of Internal Control. This report also formed part of the Statement of Accounts, which will be presented to the Committee at a future meeting.

9.3 It was mentioned that the report set out the Council's Governance Framework and how it operated. It then highlighted how the Council had reviewed its effectiveness. It was mentioned that following the review, nothing of significant impact was identified, that needed to be included in the Council's Statement of Accounts.

9.4 The report also referred to the recent changes in Governance arrangements from May 2022 although related to Governance throughout 2021/22.

9.5 It was mentioned that the Audit & Standards Committee received an email, which highlighted the completion percentages of mandatory learning at the Council. It was added that the overall percentage was approximately 42% therefore this issue needed to be addressed. The Performance and Delivery Board was looking into this.

9.6 The Committee were informed that Council employees will have to apply automated retention labels and retention policies to documents, this means that records will be automatically deleted at their specified time. This has the benefit of ensuring compliance with data requests and supporting staff with correctly disposing of data at the relevant time.

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

9.8 A Member of the Committee raised concerns around the low percentage figure for staff completing mandatory training.

- 9.9 The Senior Finance Manager, Internal Audit stated that maintained schools were provided with templates for example, Schools Finance Policy and have code of conduct, in addition to teachers having professional standards.
- 9.10 A Member of the Committee supported the reports statement that Performance and Delivery Board should monitor the issues outlined in the report. Although he suggested that a report came to the Committee in spring of 2023, to assure the Committee that progress were being made.
- 9.11 The Director of Legal of Governance explained that the Council had a requirement for regulatory compliance in regard to Freedom of Information and Subject Access Requests and that the information commissioner's office were the Council's regulator for that. This meant that the Council were liable to fines and civil claims, which was why not processing data requests were part of the Delivery Plan.
- 9.12 **RESOLVED:** The Council is required to produce and have signed off, as part of its annual accounts, an Annual Governance Statement. The statement is intended to identify any significant control weaknesses and also to set out how the council intends to address any weaknesses identified.  
To note the contents of the Statement and that this has been signed by the Council Leader, Chief Executive and the Director of Finance and Commercial Services and that the statement forms part of the Annual Accounts.

## **10. WORK PROGRAMME**

- 10.1 The Committee considered a report of the Director of Legal and Governance that outlined the work programme for the remainder of the municipal year. Members were asked to identify any further items for inclusion.
- 10.2 The Committee agreed to cancel the next meeting of the Committee, on the 20 October 2022, as there were no items for consideration. In replace of this meeting, a closed meeting with Members of the Committee and External Auditors would be held online.
- 10.3 The Committee agreed to include a report on the work programme, as mentioned at 9.10 of these minutes.
- 10.4 The Committee agreed to move the following reports from the 17 November 2022 meeting, to the January 2023 meeting.
- Statement of Accounts (Audited)
  - Report of those Charged with Governance (ISA 260)

- 10.5 **RESOLVED:** - That **(1)** the work programme be noted; **(2)** that a closed meeting be held online, for Members of the Committee and external auditors; **(3)** that a report be included on the work programme for March 2023; and **(4)** that 2 reports be moved from November 2022 to January 2023.

## **11. DATES OF FUTURE MEETINGS**

- 11.1 It was noted that the next meeting of the Committee would be held on 17 November 2022.
- 11.2 The Chair of the Committee (Councillor Colin Ross) thanked the Director of Legal and Governance for her support to the Committee throughout her time at Sheffield City Council and wished her well in her new role.





## Audit & Standards Committee Report

Report of: Mark Bennett, Director of HR and Customer Services and David Hollis, Monitoring Officer

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Date: November 2022

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Subject: Annual Corporate Complaints & Annual Ombudsman Reports 2021/22

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Author of Report: Paul Taylor, Head of Customer Services

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### Summary:

This report provides an overview of the corporate and ombudsman complaints received and formally referred and determined by the Ombudsman (Local Government Social Care Ombudsman, Parliamentary & Health Service Ombudsman and Housing Ombudsman) during the twelve months from 1 April to 31 March 2022.

The report also identifies future developments and areas for improvement in complaint management.

The report is jointly presented by the Monitoring Officer and the Director of HR and Customer Services who is responsible for managing the Complaints Service.

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### Recommendations:

The Audit & Standards Committee is asked to consider the Annual Corporate Complaints Report & Annual Ombudsman Report in order to provide its view on the performance of complaint handling and management within Sheffield City Council.

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### Background Papers:

LGSCO Annual Letter 2021/22

HO Annual Report 2021/22

Category of Report: OPEN













































