

Audit and Standards Committee

Meeting held 10th June 2021

PRESENT: Councillors Sioned-Mair Richards (Chair), Simon Clement-Jones, Angela Argenzio, Mohammed Mahroof, Josie Paszek, David Barker, Ben Curran and Alison Howard (Independent Co-Opted Member)

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1. APPOINTMENT OF CHAIR AND DEPUTY CHAIR

- 1.1 The Committee were asked to note the appointment of the Chair Councillor Sioned-Mair Richards to Audit and Standards Committee for this municipal year which was approved at annual Council on 19th May 2021.
- 1.2 The Chair requested nominations for the position of Deputy Chair to the Audit and Standards Committee. Councillor Simon Clement-Jones was nominated by Councillor Mahommed Mahroof, seconded by Councillor Ben Curran.
- 1.3 **RESOLVED:** - (1) the committee notes the appointment of Councillor Sioned-Mair Richards as Chair to Audit and Standards Committee for this municipal year, and (2) that the committee agrees to appoint Councillor Simon Clement-Jones as the Deputy Chair of Audit and Standards for this municipal year.

2. APOLOGIES FOR ABSENCE

- 2.1 No apologies for absence were received at the meeting.

3. EXCLUSION OF THE PRESS AND PUBLIC

- 3.1 No items were identified where resolutions may be moved to exclude the press and public.

4. DECLARATION OF INTEREST

- 4.1 There were no declarations of interest made at this meeting.

5. MINUTES OF PREVIOUS MEETING

- 5.1 The minutes of the meeting held on 22nd April 2021 were approved as a correct record.

6. AUDIT AND STANDARDS COMMITTEE TERMS OF REFERENCE

- 6.1 The terms of reference were provided to Members of the Audit and Standards Committee in order to understand the remit of the Committee.

- 6.2 The Chair of the Committee advised that at point 22 of the terms of reference ‘*to discharge the functions of dealing with complaints against Councillors and Co-Opted Members as set out in the Procedure for Dealing with Complaints Regarding City, Parish and Town Councillors and Co-Opted Members*’, there had recently been some concerns over a complaint that was currently in the public domain and after discussed with the Leader, it was agreed that the Monitoring Officer Gillian Duckworth would carry out a review of the complaint procedures and report back to the Committee in July.
- 6.3 **RESOLVED:** - that **(1)** the Committee notes the terms of reference and understands the remit of the Committee and **(2)** agrees that the Monitoring Officer carry out a review of the member complaint procedures and report back to the next meeting in July.

7. INTERNAL AUDIT ANNUAL FRAUD REPORT

- 7.1 The Senior Finance Manager (Internal Audit) Linda Hunter submitted a report to Committee to inform Members of the outcomes of the work undertaken by Internal Audit on fraud and corruption during 2020/21 and the proposed work for 2021/22.
- 7.2 Key points raised from the report were internal audit had conducted 8 re-active investigations and assisted managers with a further 13 re-active investigations which arose in 2020/21. Internal audit also concluded investigation work on 2 re-active investigations and assisted managers with a further 10 investigations which had originated in 2019/20.
- 7.3 In 2020/21, 155 new cases were opened in term of Housing Tenancy and Right to Buy Fraud, which was a significant rise from the 65 new cases in the previous year. These cases were investigated by a separate fraud team in housing services including right to buy cases. The cases investigated included 10 cases of obtaining property by deception, 4 cases of right to buy fraud, including 1 by deception. There were 134 cases of unlawful subletting. Many of the ongoing cases were closed and this had resulted in 16 properties being recovered, 3 properties being abandoned and 11 others where the tenancy had been handed back. This allowed these properties to be re-let. There were 38 cases where no action was taken and a further 3 where there was no evidence. In relation to the right to buy cases, 3 cases had stopped prior to valuation with the properties valued at £270,000 and a discount of almost £64,0000 was also prevented.
- 7.4 The Senior Finance Manager (Internal Audit) also advised that Bank Mandate Fraud continued to be a significant issue, although the Council had robust controls in place to detect and prevent this. The Council was still targeted by organised criminal gangs who undertake phishing exercises.
- 7.5 It was advised that the number of Whistleblowing issues reported remained low. Work is being undertaken to promote this policy over the next few months.
- 7.6 The Senior Finance Manager (Internal Audit) advised that the Council’s internal audit department continued to have an active role in the prevention detection and

prosecution of fraud across the council. The Counter-Fraud Plan 2021/22 included 4 pieces of proactive work which would be mainly to follow up matches received as part of the national fraud initiative (NFI).

- 7.7 It was advised that the Governance Checklist for Fraud 2020/21, included yes and no answers to each checklist question and it was felt that after member suggestion it would be changed to Red/Amber/Green which would better reflect the status of each point in the checklist.
- 7.8 The Chair of the Committee advised that the Whistleblowing policy would be coming to a future meeting later in the year.
- 7.9 Member of the committee asked questions and the key points to note were-
- 7.10 Councillor Angela Argenzio requested that timeframes be included in the report which would give members an idea of the NFI data matches and completion dates. This was agreed by the Senior Finance Manager (Internal Audit).
- 7.11 How much was given out in grants in error and how much was still outstanding. In answer to this the Senior Finance Manager (Internal Audit) advised that there was £300,000 outstanding as of January 2021, however this had almost been recovered. It was advised that further overpayments had been discovered which again amounted to approximately £300,000. These overpayments are being recovered.
- 7.12 Councillor Argenzio asked how staff and councillors were made aware of the Whistleblowing policy. The Senior Finance Manager (Internal Audit) advised that the whistleblowing policy could be found within the officer code of conduct and this needed to be reminded to staff. It was advised that a Fraud e-learning module had recently been produced and launched on the Learning hub and is available to all staff and councillors.
- 7.13 Councillor Ben Curran ask if there was a figure for the total amount lost due to fraud. The Committee were advised that it was difficult to put a monetary value on this, as the council couldn't quantify fraud, however where possible officers would and figures will be included in future reports. Councillor Curran also asked if the Council had insurance against officer's dishonesty.
- 7.14 Councillor Simon Clement-Jones raised a question regarding the 10,000 data matches as mentioned in the report on page 31. It was asked how many of these were investigated and out of those investigated how many turned out to be something significant.
- 7.15 Councillor Sioned Mair-Richards asked whether the blue badges were part of the 'tell us once' form, this was a form used to inform the council of any changes in circumstances.
- 7.16 Councillor Mohammed Mahroof asked whether the Council benchmarked against other authorities in terms of tenancy fraud. Tenancy fraud was significant, and it was depriving people of accommodation, did the council have a zero-tolerance

policy, how well resourced was the Housing tenancy team and was the council missing sub-letting due to inadequate resourcing. Could the Committee be advised what happens when sub-letting fraud was detected and what rights do the sub-tenants have, as they had gone into an agreement not knowing it was an illegal arrangement. Councillor Mahroof also asked if the Council did a sample check on right to buy valuations carried out by the Local Authority and were these in line with market value or did another independent person do this if it did not fall in the remit of Internal Audit.

- 7.17 The Senior Finance Manager (Internal Audit) thanked the Committee for the questions and advised that for the questions she was unable to answer at this point time, she would find out the information from the relevant team and would send responses to all members of the committee after the meeting.
- 7.18 Councillor Sioned Mair-Richards thanked the Senior Finance Manager (Internal Audit) and advised that she was pleased to see that the Council planned to work with the Sheffield Universities to prevent overseas students becoming victims of unlawful subletting.
- 7.19 **RESOLVED:** - that the Committee **(1)** notes the content of the report with the agreement that the responses to the unanswered questions be circulated to members as soon as possible after the meeting, **(2)** notes the Council's policies in relation to fraud and corruption had been reviewed and the required governance arrangements for the council had been fulfilled, and **(3)** notes the completed checklist for those responsible for governance attached as an appendix to the report.

8 EXTERNAL ASSESSMENT – PEER REVIEW TERMS OF REFERENCE

- 8.1 The Senior Finance Manager (Internal Audit) submitted a report presenting the External Assessment-Peer Review Terms of Reference.
- 8.2 In introducing the report, Linda Hunter, Senior Finance Manager (Internal Audit), advised that the Public Sector Internal Audit Standards (PSIAS) introduced the requirement for an external assessment to be conducted of the Internal Audit service. The requirement specified the assessment should be undertaken at least once every five years by a qualified, independent reviewer from outside of the organisation as part of an ongoing quality assurance and improvement programme.
- 8.3 Similar to the previous review, members of the Core Cities group have elected to adopt the internal self-assessment approach validated by an external peer reviewer, the key benefit to this approach was cost. If the review was to be carried out by CIPFA it could cost approximately £30,000. This approach would cost approximately £12,000 for work over a 5-day period.
- 8.4 The agreed schedule was-

- Manchester review Birmingham
- Bristol review Liverpool
- Birmingham review Sheffield
- Glasgow review Leeds
- Leeds review Manchester
- Sheffield review Nottingham
- Nottingham review Bristol
- Liverpool review Glasgow

8.5 Following the review, a report would be submitted to the Committee and Dave Phillips, Head of Strategic Finance/ Deputy Section 151 Officer would be the sponsor.

8.6 Councillor Ben Curran commented that he had natural scepticism around peer reviews and asked what reassurances could be given to the committee. It was advised that the Local Governance Association (LGA) pushed peer reviews and the Head of Strategic Finance advised that the previous peer reviews had been very thorough. The review can be expensive if carried out by an external reviewer, but he did comment that the next review would be carried out by an independent external reviewer.

8.7 **RESOLVED:** - that the Committee – **(1)** endorse the Terms of Reference programme of work attached to the report in order to comply with professional best practice (including PSIAS) and **(2)** agrees and endorses that the Deputy Sector 151 Officer is the appropriate sponsor of the external assessment.

9. CLOSING CERTIFICATE FOR THE 19/20 EXTERNAL AUDIT

9.1 The Head of Strategic Finance, Dave Phillips submitted a report to communicate to the Committee that the Council had now received the external auditor's opinion and the certificate concluding the 2019/20 external audit.

9.2 As reported to the previous meeting, the Audit of the Council's 2019/20 Statements of Accounts had been ongoing since Summer 2020. Audit deadlines had been extended and had been delayed due to the pandemic and remote working.

9.3 During the external audit process, the Committee had been kept up to date, and the Council's external Auditors Ernst and Young (EY) findings had been received and shared with Members throughout the Audit.

9.4 The Head of Strategic Finance advised that there had been a number of national reviews around the current challenges to the external audit market, with external auditors firms struggling to recruit and retain auditing staff across the country.

9.5 The External Auditors were now preparing for this year's audit. The statutory deadline to issue the audit opinion was September 2021, but it was expected to be later, but hopefully before 2022.

9.6 The Head of Strategic Finance advised that an email had been received by himself and the Section 151 Officer regarding the next external audit appointment from 2023/24, explaining that a consultation was taking place to allow Local Authorities to opt in to the next Public Sector Audit Appointments (PSAA) process to appoint auditors via their national procurement exercise. The alternative would be the Council procuring its own external auditors.. A report would be brought to the October 2021 meeting, with further agreement needed at full Council by the end of January 2022.

9.7 **RESOLVED:** - that the Committee notes the successful conclusion of the 2019/20 audit.

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 next meeting of the Audit and Standards Committee would consider -

- Review of the Members Complaints Procedure
- Summary of Statement of Accounts
- External Audit Plan 2021-21
- Annual Audit Letter 2019-20
- Work Programme

10.3 The Chair advised that an update had been received on the recent Member Inductions session that took place post-Election on 13th and 14th May 2021. Some key points to note from feedback received was –

- Initial feedback positive from both members and officers, but it was felt that there was a lot of information crammed into one session,
- Would be nice to meet people, rather than via Zoom

10.4 The chair advised that this would be circulated to the Committee, however a more detailed evaluation report was being produced.

10.5 It was advised that there would be a stage 3 to the training programme which would include sessions such as social media training, equality and diversity and public speaking.

10.6 It was asked if e-learning modules could be circulated to members.

10.7 The Director of Legal and Governance advised that the LGA and CFPS had given the Council a years' worth of free training and would initially be delivering training to the individual groups.

- 10.8 **RESOLVED:** - that **(1)** the work programme be noted; and **(2)** guidance on report writing be included in the new work programme.

11 DATES OF FUTURE MEETINGS

- 11.1 Future meetings of the Audit and Standards Committee would be held on Thursdays at 5pm on:

29th July 2021

23rd September 2021

21st October 2021

16th December 2021

20th January 2022

24th February 2022 (Additional Meeting if required)

24th March 2022 (Additional Meeting if required)

28th April 2022

16th June 2022

21st July 2022

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