

AUDIT COMMITTEE

Meeting held 1 August 2012

PRESENT: Councillors Ray Satur (Chair), Anders Hanson, Steve Jones, Martin Lawton and Joe Otten.

Co-opted Independent Members

Beryl Seaman and Rick Plews.

Officers in attendance

Allan Rainford (Deputy Director of Finance), Steve Gill (Chief Internal Auditor), Helen Molteno (Finance Manager, Internal Audit), Lynne Bird (Director of Legal Services), David Phillips (Senior Audit Manager, Audit Commission), Sue Palfreyman (Head of Human Resources), Mark Sherwood (Payroll Manager, Capita), Cheryl Blackett (Head of Human Resources), Stonard (Urban Design and Conservation Team Manager), David Belton (Assistant Finance Director, Project and Commercial) and Dave Ross (Democratic Services).

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1. **APOLOGIES FOR ABSENCE**

1.1 An apology for absence was received from Councillor Sioned-Mair Richards.

2. **DECLARATIONS OF INTEREST**

2.1 The following personal interests were declared on Item 9 (Financial/Commercial Risks of External Relationships):-

- Rick Plews as a Trustee/Director of the Sheffield Industrial Museums Trust and the Seven Hills Leisure Trust.
- Councillor Martin Lawton as a Director of the Manor Castle Development Trust Ltd.

3. **APPOINTMENT OF DEPUTY CHAIR**

3.1 **Resolved:** That Councillor Joe Otten be appointed Deputy Chair of the Committee for 2012/13.

4. **MINUTES OF PREVIOUS MEETINGS**

4.1 The minutes of the meetings of the Committee held on 15 and 16 May 2012 were approved as correct records.

4.2 **Matters Arising**

Item 5 - Compliance with International Auditing Standards

4.2.1 It was noted that Rick Plews and Beryl Seaman had been given access to the

Council's intranet.

Item 9 - Code of Corporate Governance

- 4.2.2 The Committee noted (a) the information now reported on behalf of the Chief Executive on why the Code of Corporate of Corporate Governance should not be amended to reflect having a leadership role beyond the City e.g. City Region and (b) that a shorter version of the Code would be included in advice to managers for new staff from 1 September 2012.

Item 13 - Financial/Commercial Monitoring of External Relationships

- 4.2.3 The Committee noted that (a) a report reviewing the role of Councillors on all Trust Boards would be submitted a future meeting of the Committee and (b) the diagrams requested at the last meeting on governance and reporting arrangements for the Trusts had been circulated to members of the Committee for comment.

5. PROGRESS REPORT ON HUMAN RESOURCE/PAYROLL PROCEDURES

- 5.1 Sue Palfreyman (Head of Human Resources - Business Systems, Capability Development & Change) introduced a report of the Executive Director, Resources providing an update on the recommendations and actions arising from a review by Grant Thornton relating to the introduction of revised Council salary bandings in 2010. Mark Sherwood (Payroll Manager, Capita) also attended for this item.

5.2 Resolved that:

- (a) the report now submitted be noted; and
- (b) The Payroll Manager (Capita) be requested to (i) confirm the end date for the further work on dealing with the backlog of pension queries to the next meeting of the Committee and (ii) prepare a briefing note for members of the Committee to reflect on the comments in the External Auditor's IT Risk Assessment Summary Report relating to recommendation 2 on disabling the user ICT accounts of Council staff leaving the Council.

6. WHISTLEBLOWING POLICY

- 6.1 Cheryl Blackett (Head of Human Resources, Specialist and Advisory Services) introduced a report of the Executive Director, Resources that (a) provided information on activity under the Whistleblowing Policy since the revised policy was introduced in April 2010, (b) set out the revised policy and procedure which incorporated feedback on its operation and (c) informed the Committee of the recruitment and training of additional contact advisors to support employees who raised concerns under Whistleblowing and Dignity and Respect.

6.2 Resolved that:

- (i) the report now submitted be noted;

- (ii) the Head of Human Resources, Specialist and Advisory Services be requested to test with staff in a year's time, the effectiveness of the revised Policy, possibly through the workforce survey; and
- (iii) where revised policies are submitted to the Committee, tracked changed versions are used where this would be helpful.

7. SECTION 106 PLANNING INCOME

7.1 Further to the request at the last meeting of the Committee, Paul Schofield (Assistant Director of Finance) introduced a report of the Executive Director, Place, providing an update on the reconciliation of the different databases and the Financial Ledger arising from implementing the recommendations of an internal audit of Section 106 Planning Income concluded in August 2010. John Stonard (Urban Design and Conservation Team Manager) also attended for this item.

7.2 **Resolved** that:

- (a) the report now submitted be noted; and
- (b) the Assistant Director of Finance and Head of Planning be requested to submit a report to the Cabinet Members for Finance and Resources and Business, Skills and Development on the implications of the approach being taken on the Section 106 Agreements that would not be subject to any further investigatory work.

8. EXCLUSION OF THE PRESS AND PUBLIC

8.1 **Resolved** that the public and press be excluded from the meeting before discussion takes place on item 9 (Financial/Commercial Monitoring of External Relationships) of business to be considered 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.

9. FINANCIAL/COMMERCIAL MONITORING OF EXTERNAL RELATIONSHIPS

9.1 David Belton (Assistant Finance Director, Project and Commercial) introduced a report of the Executive Director, Resources providing an update on the financial and commercial monitoring of the Council's major external relationships.

9.2 **Resolved** that:

- (a) the report now submitted be noted;
- (b) the Director of Finance be requested to submit a progress report on the Financial/Commercial Monitoring of External Relationships to the Committee every four months; and

- (c) the Executive Director, Place be requested to submit a progress report on the organisation now identified to the next meeting of the Committee on 26 September 2012.

10. **PROGRESS ON HIGH OPINION AUDITS**

- 10.1 The Committee considered a report of the Chief Internal Auditor on progress made against recommendations in audit reports that had been given a high audit opinion. Attending for this item were Steve Gill (Chief Internal Auditor) and Helen Molteno (Finance Manager, Internal Audit).
- 10.2 The Chief Internal Auditor indicated that the high opinion audit reports were also now considered by the Executive Management Team.
- 10.3 **Resolved** that:
 - (a) the report now submitted be noted; and
 - (b) the Executive Director, Place be requested to submit a report to the next meeting of the Committee on 26 September 2012 to provide details of the action that was taking place to address the outstanding actions from recommendations in relation to the Internal Audit reports on Financial Management Information from Trusts and Marketing Sheffield - Application of Procedures.

11. **SUMMARY OF INTERNAL AUDIT REPORTS**

- 11.1 The Chief Internal Auditor submitted a report on the output issued by Internal Audit from 1 December 2011 to 30 June 2012 and work undertaken where an audit opinion was not required. He stated that there was no progress to report on the new approach to delivering Internal Audit activity reported at the last meeting of the Committee but he would be in a position to provide an update to the September and November 2012 meetings of the Committee.
- 11.2 **Resolved** that:
 - (a) the report now submitted be noted; and
 - (b) the Chief Internal Auditor be requested to submit a report to the September and November 2012 meetings of the Committee, providing an update on delivering the new approach to Internal Audit activity.

12. **IT RISK ASSESSMENT SUMMARY REPORT**

- 12.1 David Phillips (Senior Audit Manager, Audit Commission) submitted a report on the annual Information Technology (IT) risk assessment of the Council's IT arrangements. The report included an action plan containing the agreed recommendations from the 2010/11 report and the findings identified during the 2011/12 review.
- 12.2 **Resolved** that:

- (a) the report now submitted be noted; and
- (b) the Senior Audit Manager, Audit Commission, be requested to:
 - (i) circulate a briefing note to the Committee on how the issue referred to in recommendation 2, relating to users who are not employed by the Council, was monitored;
 - (ii) submit a report to the Committee in November 2012 on progress on recommendation 2 relating to the procedure for disabling user ICT accounts for staff leaving the Council; and
 - (iii) submit a progress report to the Committee in the New Year on the actions to implement all the recommendations in the report.

13. WORK PROGRAMME

13.1 The Principal Committee Secretary (Democratic Services) introduced a report setting out the Committee's Work Programme for 2012/13.

13.2 **Resolved** that:

- (a) the Committee's Work Programme now submitted be approved with the addition of items on Corporate Risk Management, Fraud and a progress report in implementing the District Auditor's recommendations arising from the certification of the Council's claims and returns in 2010/11; and
- (b) the Chair would consider whether any further meetings of the Committee were to be held during the Municipal year.

14. STATEMENT OF ACCOUNTS FOR 2011/12

14.1 Allan Rainford (Deputy Director of Finance) introduced a report of the Executive Director, Resources providing a summary of the 2011/12 Statement of Accounts, including a number of the key notes to the accounts. The report indicated that the full accounts would be presented to the Committee meeting in September 2012.

14.2 The report also outlined the approval process for the statement of accounts, comments on the financial performance of the Council and included information relating to debtor income write off, requested previously by the Committee.

14.3 **Resolved** that the report now submitted be noted.

15. NEXT MEETING

15.1 It was noted that the next meeting of the Committee would be held on Wednesday 26 September 2012 at 6.00 p.m.

Signed _____
(Chair)

Date _____