

Audit and Standards Committee

Meeting held 23 September 2021

**PRESENT:** Councillors Sioned-Mair Richards (Chair), Simon Clement-Jones (Deputy Chair), Angela Argenzio, Mohammed Mahroof, Josie Paszek and Alison Howard (Independent Co-opted Member)

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**1. APOLOGIES FOR ABSENCE**

1.1 Apologies were received by Councillor's David Barker and Ben Curran.

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

2.1 The Chair stated that the report and appendices at agenda item 5 of the agenda (Item 11 in these minutes) were not available to the public and press because they contained exempt information described in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) relating to the financial or business affairs of any particular person. Accordingly, the public and press would be excluded from the meeting during consideration of that item of business. This item would be considered last on the agenda.

**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 meeting held on 29<sup>th</sup> July 2021 were approved as a correct record.

**5. ANNUAL INTERNAL AUDIT OPINION REPORT**

5.1 The Senior Finance Manager for Internal Audit, Linda Hunter, explained that the report highlighted the work undertaken by Internal Audit for the municipal year 2020/21.

5.2 The Senior Finance Manager for Internal Audit stated that her opinion on the Risk Management, Governance and the Internal Control Framework were adequate to allow the Council to conduct its business appropriately.

5.3 It was also mentioned that there were no audit assignments given an audit opinion of no assurance for 20/21.

5.4 Members of the Committee asked questions and the key points to note were-

5.5 Councillor Simon Clement-Jones asked what had caused the risks to be highlighted in red in the report, The Head of Strategic Finance, Dave Phillips, said

that the risk management plan was in place to identify risks at an early stage, therefore the Audit and Standards Committee along with the Council could review the risks and make sure actions were requested as soon as possible. Alternatively, it was mentioned that the Council was currently experiencing pressure due to a budgetary overspend for the municipal year, mainly due to COVID-19 related issues in Adult and Children Social Care.

- 5.6 Councillor Angela Argenzio asked if the internal audit had been impacted due to the internal audit staff working from home. The Senior Finance Manager for Internal Audit responded, explaining that auditing was difficult to begin with, although there were no delays in carrying out work as the audit staff already had access to the appropriate IT kit. One area of auditing that auditors found difficult, was the auditing of Schools, this was due auditing them remotely so we encountered delays with schools returning evidence and the impact of half-terms, although the auditors did manage to audit the schools successfully in the end. For 21/22 school audits, the plan is to conduct school visits rather than remote working.
- 5.7 Councillor Argenzio asked if there had been any occasions where managers had attended the Audit and Standards Committee to justify their actions when not accepting their audit recommendations. The Senior Finance Manager for Internal Audit confirmed that no critical or high priority recommendations have been disagreed/rejected therefore there had not been the need for anyone to attend the Audit and Standards Committee.
- 5.8 Councillor Argenzio asked what percentage of responses were received for the performance targets questionnaire. The Senior Finance Manager for Internal Audit mentioned that she would aim to put the returns figures in future reports and added that the returns response rate had not been great this year (20/21). Internal audit also did not chase up responses as priorities lied elsewhere through these challenging times. However, for 21/22 questionnaire responses will be chased.
- 5.9 Councillor Mohammed Mahroof asked how Senior members had managed and monitored staff whilst working from home. The Committee were advised that appropriate software like Microsoft Teams was used to engage with staff, although agreed this had been difficult. It was mentioned that the Internal audit team had now got access to office facilities again therefore some staff have planned to utilise that, meaning staff monitoring would be far easier.
- 5.10 Councillor Josie Paszek referred to the reporting of excessive use of the internet in work hours. It was possibly not a fair reflection, as different factors could have occurred that increased internet use in work time.
- 5.11 The Chair thanked the Senior Finance Manager for Internal Audit for the report.
- 5.12 **RESOLVED:** - that the Committee notes the content of the report and the opinion of the Senior Finance Manager for Internal Audit.

## **6. ANNUAL GOVERNANCE STATEMENT**

- 6.1 The Director of Legal and Governance, Gillian Duckworth, highlighted the report and explained that the Annual Governance Statement formed part of the Councils statutory accounts. The statement was intended to identify any significant control weaknesses and to set out how the Council intended to address any weaknesses identified. This statement was for the municipal year 2020/21.
- 6.2 The Director of Legal and Governance mentioned that the Council has a duty to carry out an annual review of the effectiveness of the Governance framework.
- 6.3 The Statement has two additional areas highlighted, the impact of COVID 19 which has resulted in the areas of weakness identified in the Annual Governance Statement being similar to the previous statement. Secondly, the report refers to the referendum in May 2021 which has resulted in a change to the Councils Governance arrangements from May 2022.
- 6.4 The Chair asked how many Council employees had carried out the fraud awareness e-learning course. The Senior Finance Manager for Internal Audit explained that the course was not mandatory although staff were encouraged to complete it. Currently, reports did show that not many employees have completed the course.
- 6.5 **RESOLVED:** - that the Committee notes the content of the Annual Governance Statement.

## **7. EXTERNAL AUDIT RE-PROCUREMENT REPORT**

- 7.1 The Head of Strategic Finance, Dave Phillips, explained the purpose of the report is to communicate what factors to be considered when re-procuring the Council's external audit service.
- 7.2 The Council currently had a 5-year contract with Ernst & Young (external auditors) which was procured nationally through Public Sector Audit Appointments (PSAA). The Majority of Councils including Sheffield, opted-in to the national procurement process rather than procuring auditors themselves.
- 7.3 Although the Council was only 3-years into the contract, the PSAA was starting the process of the next re-procurement exercise, and as part of this giving all councils the option on whether they would like to opt-in to the national procurement process again, or if they would like to re-procure themselves, or jointly with other councils.
- 7.4 The Head of Strategic Finance highlighted that the report explained the different options and recommended that the Council chose to opt-in with PSAA again for re-procuring external auditors.
- 7.5 **RESOLVED:** - That the committee endorses the decision to opt-in to PSAA re-procurement.

## **8. WORK PROGRAMME**

- 8.1 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.
- 8.2 The Chair suggested that a progress report on Member Development be brought to the next meeting of the committee.
- 8.3 Councillor Angela Argenzio requested that a report on the telephony system and webpages following reports of negative experiences from customers, be brought to the next meeting of the committee. It was requested that the appropriate member from the Cooperative Executive also attend the committee.
- 8.4 The next meeting of the Audit and Standards Committee would consider; -
- Annual Ombudsman Report
  - Final Accounts Audit Progress
- With the possibility of also including reports on –
- Progress report on Member Development
  - Customer Care
- 8.5 **RESOLVED:** - that **(1)** the work programme be noted; and **(2)** that the further mentioned reports be included at the next meeting of the Committee.

## **9. DATES OF FUTURE MEETINGS**

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

21<sup>st</sup> October 2021

16<sup>th</sup> December 2021

20<sup>th</sup> January 2022

24<sup>th</sup> February 2022 (Additional Meeting if required)

24<sup>th</sup> March 2022

16<sup>th</sup> June 2022

21<sup>st</sup> July 2022

## **10. EXCLUSION OF THE PRESS AND PUBLIC**

- 10.1 **RESOLVED:** That the public and press be excluded from the meeting before discussion takes place on the following item of business (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.

**11. STRATEGIC RISK MANAGEMENT**

- 11.1 The Finance Manager, Helen Molteno, referred to the report which summarised current Council risks and what actions the Council were taking to mitigate them.
- 11.2 Members of the Committee asked questions on the report.
- 11.3 **RESOLVED:** - that the Committee notes the report.

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