

Audit and Standards Committee

Meeting held 28 July 2022

PRESENT: Councillors Colin Ross (Chair), Angela Argenzio, Simon Clement-Jones, Tom Hunt and Kevin Oxley

1. APOLOGIES FOR ABSENCE

- 1.1 Apologies for absence were received from Councillors Ben Curran and Garry Weatherall. An apology was also received from Alison Howard (Independent Co-opted Member).

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 The minutes of the meetings held on 16 June 2022 were agreed as an accurate record.
- 4.2 The Director of Legal & Governance, Gillian Duckworth, agreed follow up with the Senior Finance Manager on whether the Persons in Position of Trust training was requested to be mandated, as mentioned at 6.9 of the minutes.
- 4.3 The Director of Legal & Governance agreed to follow up on whether a supplier for the new housing system had been agreed, as mentioned at 7.4 of the minutes.

5. SUMMARY OF STATEMENT OF ACCOUNTS

- 5.1 The Committee received a report of the Director of Finance and Commercial Services, Ryan Keyworth which provided Members of the Committee with a summary of the 2021/22 Unaudited Statement of Accounts and explained the core statements and several of the key notes to the accounts.

- 5.2 The Director of Finance and Commercial Services explained that Local Authorities were required to submit their statement of accounts by the 31 July 2022. The accounts then go through an inspection period which lasted 6 weeks. It was anticipated that the accounts would be ready for sign off, by the Committee, at a later meeting in the year.
- 5.3 The Director of Finance and Commercial Services referred to the (Surplus) on Income and Expenditure Statement figure of £361,864. It was mentioned that this surplus figure was driven by changes in balance sheet valuations, primarily related to the Council's share of the South Yorkshire Pension Fund and changes in the valuations of land and property.
- 5.4 Members of the Committee asked questions and the following responses were provided: -
- 5.5 The Director of Finance and Commercial Services explained that due to the way the Council was funded, the Council tended to be very cash positive and funded ahead of time. It was added that this was different to how private sector organisations and Universities operated.
- 5.6 The Director of Finance and Commercial Services stated that as of the 31 March 2022, the Council had approximately £300m in reserves. The Budget report that was presented to Full Council in March set out the details of reserves in more depth.
- 5.7 The Director of Finance and Commercial Services explained that the cash flow statement was a critical compliant statement as it explained the movement in cash balance from one year to the next.
- 5.8 The Director of Finance and Commercial Services mentioned that Audit firms were having difficulty recruiting people due to the challenges of Local Government auditing.
- 5.9 The Director of Finance and Commercial Services agreed to provide a response on how the Housing Revenue Account expenditure was comparable to previous years.
- 5.10 The Director of Finance and Commercial Services informed the Committee that there was a high chance that the external audit will not be completed by the 30 November 2022 deadline. Although, he anticipated that this would not cause any significant impact.
- 5.11 **RESOLVED:** That the Audit & Standards Committee noted the core statements and the key notes to the Unaudited Statement of Accounts for 2021/22.

6. INTERNAL AUDIT ANNUAL FRAUD REPORT

- 6.1 The Committee received a report of the Senior Finance Manager (Internal Audit), Linda Hunter, which informed the Committee of the outcomes of the work undertaken by Internal Audit on fraud and corruption during 2021/22 and the proposed work for 2022/23.
- 6.2 The Senior Finance Manager, Stephen Bower, explained that the Council's fraud policies undertook annual reviews. It was added that no policy had a significant change although many had minor changes, following this year's review.
- 6.3 It was mentioned there was an increase in fraud in the public sector due to the amount of covid grants issued by the local government.
- 6.4 The Senior Finance Manager highlighted key points within the report and the Council's fraud policies for the Committee.
- 6.5 Appendix A to the report highlighted potential fraud in the authority and set out how the Council aimed to mitigate this.
- 6.6 Members of the Committee asked questions and the following responses were provided: -
- 6.7 The Senior Finance Manager believed that having yes or no options in the checklist was the easiest way to record answers. He mentioned that they previously trialled using percentages although that was more challenging.
- 6.8 The Senior Finance Manager explained that question 5 in the Governance Checklist for Fraud report was lifted from a CIPFA (The Chartered Institute of Public Finance and Accountancy) document. This was why the question referred to a single Councillor having portfolio responsibility for fighting fraud. The Director of Legal and Governance confirmed the question should refer to a Committee rather than a Councillor due to the Council's recent transition to a Committee System. The Senior Finance Manager agreed to amend future reports.
- 6.9 The Senior Finance Manager confirmed there was a procedure for reporting fraud. There was a document that outlined the procedure, which would be uploaded onto the Council's webpage after the meeting.
- 6.10 The Senior Finance Manager explained the review on Members Declaration of Interest forms was part of the National Fraud Initiative work. After reviewing Members Declaration of Interest forms, no significant issues were identified.
- 6.11 The Senior Finance Manager believed the service was adequately

resourced to deal with Fraud at a high standard.

- 6.12 The Senior Finance Manager stated that Sheffield City Council issued relatively lower fraud offences compared to other authorities during the pandemic.
- 6.13 The Senior Finance Manager informed the Committee that approximately £120m were issued in covid grants, approximately £680,000 were identified as errors, in which, approximately £300,000 had already been recovered with the remaining in the process of being recovered.
- 6.14 The Senior Finance Manager suggested that Fraud E-Learning be compulsory to all Council employees although that was not possible therefore it was agreed to be compulsory for Managers only.
- 6.15 The Senior Finance Manager confirmed there was adequate processes in place to protect whistle-blowers in the Council.
- 6.16 The Senior Finance Manager explained that National Fraud Initiative will produce a national report that outlined the amount of money recovered from covid grant fraud.
- 6.17 **RESOLVED:** That the Audit & Standards Committee **(1)** noted the content of this report; **(2)** noted that the Council's policies in relation to fraud and corruption have been reviewed and fulfil the required governance arrangements for the Council; and **(3)** noted the completed checklist for those responsible for governance.

7. ROLE OF THE AUDIT COMMITTEE AND TRAINING

- 7.1 The Committee received a report of the Director of Finance and Commercial Services. The report provided Members of the Committee with a summary of the newly published position statement from CIPFA on the role of the Audit Committees in Local Government, and recommended suitable committee-specific training for members of the Committee.
- 7.2 The Director of Finance and Commercial Services believed the Council was compliant with the statement provided by CIPFA.
- 7.3 The report proposed training for the Audit & Standards Committee to take within the remainder of 2022.
- 7.4 Members of the Committee asked questions and the following responses were provided: -
- 7.5 The Director of Finance and Commercial Services explained that the webinar training on the 14 September 2022 was facilitated by CIPFA

therefore a recording would be available to view after.

- 7.6 The Director of Legal and Governance explained that Strategy and Resources Policy Committee was not an executive committee therefore the Audit & standards Committee would be independent, as mentioned in the report.
- 7.7 The report stated that the Audit Committee should, at least annually, review and report on its own performance, including how it had complied with the principles of the position statement and how effectively it had engaged with the leadership team and those charged with governance. The Director of Finance and Commercial Services mentioned this would be good practice for the Committee to undertake.
- 7.8 The Director of Legal and Governance explained that the Governance Committee were content that the membership of the Audit & Standards Committee did not need changing. Therefore, it remained with 7 Members. A Member of the Committee added that 7 Members was good for this Committee and also suggested that more independent members be appointed.
- 7.9 The Director of Finance and Commercial Services agreed to feedback training dates to CIPFA, as it was mentioned that Introduction training takes place in September, several months after the first meeting of the Committee.
- 7.10 The Chair explained that the Committee undertook a closed meeting with the external auditors, Ernst & Young in July 2022. In that meeting the Committee agreed to carry out another closed session with the external auditors in the Autumn.
- 7.11 **RESOLVED:** That the Audit & Standards Committee noted and adopted the position statement and agreed a forward training programme to support Members of the Committee with their role.

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 Director of Legal and Governance referred to the work programme. It was proposed that the review of members code of conduct session in November 2022 be removed, and an external training session on lessons learnt from previous reports be included in September 2022. The Committee agreed to this proposal.

- 8.3 **RESOLVED:** - that **(1)** the work programme be noted; and **(2)** that an external training session be held on 22 September 2022.

9. DATES OF FUTURE MEETINGS

- 9.1 It was noted that the next meeting of the Committee would be held on 22 September 2022.