

# Agenda Item 5

## SHEFFIELD CITY COUNCIL

### Audit and Standards Committee

#### Meeting held 20 June 2024

**PRESENT:** Councillors Mohammed Mahroof (Chair), Fran Belbin (Deputy Chair), Simon Clement-Jones, Matthew Dwyer, Gareth Slater and Alison Howard (Independent Co-Opted Member)

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

1.1 Apologies for absence were received from Councillor Maroof Raouf and James Brackley (Independent Co-Opted Member).

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

2.1 The Chair (Councillor Mohammed Mahroof) stated that the report at agenda item 9 on the agenda (Strategic Risk Update – item 8 of these minutes) was not available to the public and press because it 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.

#### **3. DECLARATIONS OF INTEREST**

3.1 There were no declarations of interest.

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

4.1 **RESOLVED:** The minutes of the meeting held on 25 April, 2024 were approved as an accurate record.

#### **5. INTERNAL AUDIT TACTICAL PLAN 2024/25**

5.1 The Committee considered a report of the Senior Finance Manager (Internal Audit).

5.2 The Committee considered a report regarding the Internal Audit Tactical Plan 2024/25, which presented the Internal Audit planning methodology and programme of work.

5.3 The plan that had been developed needed to be flexible and reactive to respond promptly to changing issues and risks that required Internal Audit review and input.

5.4 Linda Hunter, Senior Finance Manager (Internal Audit), attended the meeting

remotely, and drew the committee's attention to a summary of the planned audit time for the current year, which showed 117 outputs with assessed priorities of High, Medium, Low and Statutory.

5.5 Members of the Committee made comments and asked questions and the following responses were provided: -

- There was one Internal Audit staffing vacancy (grade 6) that had not yet been filled, but was due to go out to the recruitment process for a third time due to not having been successfully recruited to.
- When scoping for an audit, discussions take place with Heads of Service and relevant staff at various grades to help ensure that all risks were identified.
- The audit planning methodology and the risk assessment for an activity would be shared with all Committee members.
- The total output figure could change by up to 15% if there were any significant issues affecting delivery of any outputs, for example staffing/sickness levels. Significant changes above 15% will be reported back to Committee members in line with the Internal Audit Protocol.
- Page 1 of the appendix 'Item 6 – Final Audit Plan 2024/25' showed a balance of zero across all directorates for 'Pro-Active Fraud Reviews'. This was an administration error, and details of five such reviews were detailed on pages 18 and 19 of the appendix.
- Reference was made to written questions that had been submitted by James Brackley (Independent Co-Opted Member) in his absence, and Mrs Hunter advised that a written response would be provided to these.
- In relation to the 'Public Finance Exit Strategy', one of the key risks of Public Finance Initiative projects was holding contractors to account to make sure projects were delivered correctly and maintained to the right standard, and to make sure this was achieved before the point of expiry of the contract, allowing time to address any issues.
- Significant work was being carried out by Sheffield City Council on its establishment and general human resource policies. Due to this ongoing work, these policies were not yet ready to go through the audit process.

5.6 **RESOLVED:** That the Audit and Standards Committee endorses the Internal Audit Tactical Plan 2024/25 and its programme of works.

## **6. STATEMENT OF ACCOUNTS 2023/24 (UNAUDITED)**

6.1 The Committee considered a report of the Director of Finance and Commercial Services, Philip Gregory. The purpose of the report was to provide Members of the Audit and Standards Committee with a summary of the 2023/24 Unaudited

Statement of Accounts and explain the core statements and a number of the key notes to the accounts.

6.2 Ruth Matheson, Finance Manager, explained that the Council's 2023/24 Unaudited Statement of Accounts were authorised by the Director of Finance and Commercial Services (Section 151 Officer) on 31 May 2024 and brought to the Audit and Standards Committee on 20 June 2024 for Members to note. The draft set of accounts were now subject to external audit by KPMG. Members of the Committee were requested to view the full [Statement of Accounts 2023/24](#) in order to prepare for full approval by the Committee. The statutory deadline of 30 September 2024 was dependent on expected legislation changes. Support would be provided to Member of the Committee via officers and an independent training officer to ensure they are able to question, challenge and understand the accounts.

6.3 Members of the Committee made comments and asked questions and the following responses were provided: -

- There were approximately 900 uncompleted audits across the local government sector. The audit contract at Sheffield City Council had recently been awarded to KPMG, who were on track to begin the audit process in July 2024. There had been a delay in incorporating draft legislation due to the general election, and this had the potential to delay accounting for the previous contactors (EY), and therefore impact KPMG for the 2023-24 accounts due to the opening balances. However the legislation also made provision for the auditors to disclaim or provide a limitation of scope to enable them to catch up. KPMG had already begun looking at previous accounts to give them assurance.
- Appendix 7 (Housing Revenue Account) of the report showed that there had been a decrease of £27.5m in depreciation, impairment and revaluation losses/(gains) of HRA non current assets, and it was agreed a detailed explanation would be provided. There were also lower arrears and lower uncollected debt compared with the previous year.
- Officers agreed to provide further detail to Members of the Committee on 'Appeals Provision' and 'Renewable Energy Disregarded', as referred to on page 59 of the report.
- 'Usable' reserves were also known as 'cashbacked' reserves, and were set aside for future liabilities and to manage contractual fluctuations. 'Unusable' reserves were accounting reserves i.e. a paper reserve identified in order to balance the balance sheet, and were not yet realisable reserves.
- Reference was made to written questions that had been submitted by James Brackley (Independent Co-Opted Member) in his absence, and officers advised that a written response would be provided to these.

6.4 **RESOLVED:** That the Audit and Standards Committee notes the core statements and the key notes to the Unaudited Statement of Accounts for 2023/24.

## **7. WORK PROGRAMME**

- 7.1 The Committee considered a report of the General Counsel that outlined the work programme for the remainder of the municipal year. Members were asked to approve the programme and identify any further items for inclusion.
- 7.2 David Hollis, General Counsel, noted that the Annual Governance Statement report, currently scheduled on the work programme for February 2025, needed to align with the audited Statement of Accounts approval, which was scheduled for September 2024, so that the Annual Governance Statement could be published as approved by the Committee. He requested that arrangements be made for both reports to be received by the Committee at the meeting of 19 September 2024.
- 7.3 **RESOLVED:** that the Audit and Standards Committee noted and agreed to the above changes and requests to the work programme.

## **8. STRATEGIC RISK UPDATE**

- 8.1 Helen Molteno, Internal Audit and Corporate Risk Manager, introduced a report and gave a presentation providing an assessment of the Council's current Risk Management arrangements and the measures implemented to further strengthen and improve them and the current and emerging risks, their impact on service delivery and the controls in place to manage them.

**RESOLVED:** That the Audit and Standards Committee;

- a) notes the current assessment of the Council's Risk Management arrangements and endorses the measures being taken to strengthen those arrangements; and
- b) notes the current and emerging risks and endorses the actions being taken to mitigate those risks.

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

- 9.1 It was noted that the next meeting of the Audit and Standards Committee would take place on Thursday 25 July 2024 at 5:00pm.