

Agenda Item 5

SHEFFIELD CITY COUNCIL

Audit and Standards Committee

Meeting held 19 September 2024

PRESENT: Councillors Mohammed Mahroof (Chair), Fran Belbin (Deputy Chair), Simon Clement-Jones, Matthew Dwyer and Gareth Slater

10. APOLOGIES FOR ABSENCE

10.1 Apologies for absence were received from Councillors Dianne Hurst and Maroof Raouf.

11. EXCLUSION OF THE PRESS AND PUBLIC

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

12. DECLARATIONS OF INTEREST

12.1 There were no declarations of interest.

13. MINUTES OF PREVIOUS MEETING

13.1 **RESOLVED:** The minutes of the meeting held on 20 June, 2024 were approved as an accurate record.

14. PUBLIC PETITIONS, QUESTIONS AND STATEMENTS

14.1 No public questions or petitions were received.

15. ROLE OF THE AUDIT COMMITTEE AND TRAINING

15.1 The Committee received a report from the Director of Finance and Commercial Services that provided an update on the latest guidance to support the CIPFA Position Statement on Audit Committees, and outlined further training options for Committee members to support them in their role.

15.2 Clair Sharratt (Senior Finance Manager) explained that she would circulate the CIPFA guidance handbook to Members, which provided additional guidance on self-assessment and performance evaluation.

15.3 Highlighted within the report were certain training areas that Members may want to focus on, with training sessions had been spread throughout the remainder of the municipal year.

15.4 Ms Sharratt ran through the proposed training schedule with dates for upcoming available to book training sessions, and noted that further

training sessions and briefings could be added as required.

15.5 Members of the Committee asked questions and the following responses were provided: -

15.6 It was confirmed that notice would be given before training dates, and that there would be online training options where possible. It was recommended that Committee members held sessions with External Audit without officers present if appropriate.

15.7 **RESOLVED:** That the Audit and Standards Committee adopts the CIPFA Position Statement on Audit Committees and agrees the training programme to support Members of the Committee with their role.

16. VALUE FOR MONEY - 2022/23

16.1 The Committee considered a report of Ernst and Young, External Auditors.

16.2 Hayley Clark (Ernst and Young) presented an interim commentary on the Value for Money arrangements for Sheffield City Council for the audit year 2022/23. The report explained the work undertaken during the year, and highlighted any significant weaknesses identified, along with recommendations for improvement.

16.3 It was noted that the audit had identified one risk of significance in relation to financial sustainability. The auditors undertook the required procedures in relation to this and confirmed that no significant weaknesses were identified in the arrangements the Council had in place. One recommendation was raised, as detailed in Appendix B of report. This was to highlight that, whilst the council had set balanced budgets for 2022/23 and 2023/24, some significant variances had been reported during month one of 2023/24. This raised a question/challenge as to whether this could have been identified as part of the budgeting process for 2022/23. It was noted that the Council had a good track record of working through differences once they had been identified, and no further findings were anticipated during the preparation of the final audit report.

16.4 Members of the Committee asked questions and the following responses were provided: -

16.5 There had been a trend of variances identified in the first month of an audit year, however these had been more significant in previous years due to pressures such as adult social care costs. Other authorities faced similar financial challenges, although style of budget reporting varied so it was difficult to compare.

16.6 Evidence showed that planned use of reserves was tracked and

revised appropriately, and reporting showed that challenges were understood and mitigated where possible.

- 16.7 The final report for 2022/23 was scheduled to be heard at Committee in November, before the 'backstop' date of 13 December, 2024. This would be combined reporting of the audit results and the auditor's annual report, and it was noted that Ernst and Young were no longer Sheffield City Council's auditors after this.
- 16.8 Reserves had been managed well and had been utilised where needed. There was a challenge around building reserves back up in the current financial environment, but it was noted that medium-term financial reporting had recognised this risk and raised this as a concern.
- 16.9 As the Council was moving to a system of focusing on business priorities that were subject to more risk, it was important to consider how to embed this into the culture of the organisation.
- 16.10 The Council had responded well to significant challenges around the end of 2021/22 and into 2022/23, and reporting and communication with the auditors around the actions taken to mitigate the challenges had helped to manage this position.
- 16.11 The scope of the audit was to consider whether there were sufficient arrangements in place to ensure there was no significant weakness in the ability to secure value for money. The remit did not include outcomes or monitoring of how arrangements put in place were working in practice.
- 16.12 The areas identified as being of greatest risk were not at a critical stage, but work was required in order to bridge the gap.
- 16.13 The cost to the Council of the pop-up space on Fargate were relatively small and had not been identified as a significant weakness, but was noteworthy in terms of lessons to be learned.
- 16.14 The Committee noted their thanks to Ernst and Young for the work carried out.
- 16.15 **RESOLVED:** That the Audit and Standards Committee notes the Value for Money Interim Report 2022/23.

17. AUDIT RECOMMENDATION TRACKER PROGRESS REPORT

- 17.1 The Committee considered a report of the Senior Finance Manager (Internal Audit) that tracked progress made against recommendations in audit reports that had been given a no assurance opinion, or a limited assurance with high organisational impact opinion.

- 17.2 Linda Hunter (Senior Finance Manager, Finance and Commercial Services) noted that the report had been produced for the July meeting of the Committee (that had not taken place) so some of the recommendation implementation dates had been exceeded but would be addressed with an update in the next tracker. She advised that 38 out of 54 (70%) recommendations had been actioned, and noted that four new reports had been added to the tracker, as shown on page 54 of the report. She explained that, of the five critical recommendations that were being tracked, three had been actioned satisfactorily and two were ongoing. She confirmed that these were being monitored by the recommendation lead and the relevant Executive Director, and that updates would be provided on the next tracker.
- 17.3 It was noted that the Internal Audit Tracker Report had been presented to the Strategic and Enabling Services Directorate Leadership Team, where the critical recommendations and the red priority recommendations were discussed and subsequently shared with the Strategic Leadership Board, to ensure that the recommendation lead was supported, and to challenge timelines/delays. She added that future reports would be presented to the newly formed Corporate Assurance Board before coming to Committee.
- 17.4 Seven tracked reports were outlined, and four reports listed that would be taken out of the report due to all recommendations having been actioned.
- 17.5 Members of the Committee made comments and asked questions and the following responses were provided: -
- 17.6 The recruitment process for Social Worker posts had been unsuccessful, so alternative options were being considered.
- 17.7 The following reports would be re-issued to Members for information/context:
- Debtor Controls in Adult and Health Social Care Activities
 - Montgomery Residential Home
 - Heritage Park Community School
- 17.8 Outstanding audit recommendations would be shared each month with the Executive Directors, in order to track and monitor any slippages.
- 17.9 Risk 'leads' would be invited to Audit and Standards Committee as required to provide further details and answer questions on strategic risks.
- 17.10 When scoping for the 'Debtor Controls in Adult and Health Social Care Activities' audit, the service area raised concerns about weaknesses within the process. Testing and was sought in order to

check the position and improvements/actions are being monitored in the current follow up review, and Committee members would be updated via the next tracker report.

17.11 **RESOLVED:** That the Audit and Standards Committee:-

- a) notes the content of the report; and
- b) agrees to the removal of the following reports from the tracker:-
 1. Licensing – sports grounds and enforcement;
 2. Supplier addition and amendment on Integra;
 3. Holgate Meadows Community School; and
 4. Freedom of Information/Subject Access Requests Recovery Plan.

18. INTERIM STANDARDS COMPLAINTS REPORT (HALF YEARLY)

18.1 The Committee considered a report of the General Counsel/Monitoring Officer.

18.2 The General Counsel (David Hollis) presented an update for Audit and Standards Committee members on the current position of standards complaints against elected members, co-opted members and Town/Parish Councillors.

18.3 It was noted that the end of year complaints report would contain information relating to previous years and trends, within the constraints of ensuring confidentiality.

18.4 It was confirmed that the number of complaints received remained relatively low, with very few being referred onwards as standard matters. During the period from January to July 2024, there had been an increase in complaints received, but also an increase in matters rejected as not raising standards issues. This had identified a need to update the guidance on the Council's website to make clear the remit of the regime. The overall number of complaints dealt with had reduced. The main concern noted was 'no response from councillors to constituents' or a feeling that councillors hadn't responded effectively, which were not matters that fell within the regime.

18.5 Mr Hollis expressed his thanks to those who had assisted him throughout the year, namely, Sarah Hyde (Democratic Services) and Martyn Thorpe, David Irvine and Karen Widdowson (Independent Persons).

18.6 Members of the Committee asked questions and following responses were provided: -

18.7 Lessons could be learned around non-responses and that Whips

would note any trends. He added that, during the induction process, new members were advised of the 'Nolan Principles' that applied to those holding public office.

18.8 It was confirmed that future reports would provide further detail to distinguish between city councillor and town/parish councillor complaints, and would compare against other authorities where this was possible. It was also confirmed that further detail would be provided on the reasons for rejecting a complaint, and how this was recorded.

18.9 **RESOLVED:** That the Audit and Standards Committee:-

a) notes the report; and

b) thanks those that have supported the Monitoring Officer in progressing these matters.

19. WORK PROGRAMME

19.1 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.

19.2 It was noted that amendments had been made to the work plan due to the cancellation of the meeting due to take place on 25 July, 2024.

19.3 It was further noted that the 'Community Schools Update' had been removed from the work programme as an update had previously been provided on this item via the audit tracker.

19.4 **RESOLVED:** that the Audit and Standards Committee notes and agrees to the above changes to the work programme.

20. DATES OF FUTURE MEETINGS

20.1	It was noted that the next meeting of the Committee would be held on 17 October, 2024 at 5.00pm.
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