

Audit and Standards Committee

Meeting held 16 June 2022

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

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1. APOLOGIES FOR ABSENCE

1.1 An apology for absence were received from Councillor Garry Weatherall.

2. EXCLUSION OF THE PRESS AND PUBLIC

2.1 The Chair stated that the report and appendices at agenda item 11 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 The minutes of the meetings held on 24 March 2022 were agreed as an accurate record.

4.2 A Member of the Committee asked whether the resolution at 5.12 of the minutes had been followed up. The Director of Legal and Governance, Gillian Duckworth explained that Group Whips had been informed of that recommendation at their previous Whips meeting.

4.3 The Director of Finance and Commercial Services, Ryan Keyworth agreed to work with External Auditors on agreeing a time and date for the closed meeting with Members.

4.4 The Director of Finance and Commercial Services informed the Committee of the Council's current budgetary position. It was mentioned that the Council had an overspend of approximately 20 million pounds at the end of the last municipal year. The Council predicted an overspend of approximately 19 million pounds at the end of this municipal year.

The Strategy & Resources Policy Committee received budget monitoring information at their last meeting. Other policy committees would also receive budgetary information and how to manage their budgets at their first meetings of the municipal year.

5. INTERNAL AUDIT PLAN 2022/23

- 5.1 The Committee received a report of the Senior Finance Manager (Internal Audit), Linda Hunter, which presented the Internal Audit planning methodology and programme of work for 2022/23.
- 5.2 The audit plan would be reassessed in September 2022 and brought back to the Audit & Standards Committee in November 2022.
- 5.3 The Senior Finance Manager (Internal Audit) referred to the summary of the audit plan on page 24 of the report. This highlighted the planned audit time for auditable areas within the Council. The combined planned audit time across all auditable areas was 1488 days. It was added that the full plan was in appendix 1 to the report.
- 5.4 Members of the Committee asked questions and the following responses were provided: -
- 5.5 The Senior Finance Manager (Internal Audit) explained the RAG ratings were based multiple factors. Some factors mentioned were when the area was last audited, budget and financial aspects, changes within a system or process and likelihood of fraud occurring in that area
- 5.6 The Senior Finance Manager (Internal Audit) confirmed the I Trent system process review referred to on page 37 was a payroll review which was still currently ongoing.
- 5.7 The Senior Finance Manager (Internal Audit) mentioned there was a review in place for internal audit to look at their processes, following the Councils change to a Committee System.
- 5.8 The Senior Finance Manager (Internal Audit) highlighted the vacancies in the service which would be recruited to in the near future.
- 5.9 The Senior Finance Manager (Internal Audit) referred to page 43 of the report which highlighted the 4 pro-active fraud audits.
- 5.10 The Senior Finance Manager (Internal Audit) explained that not all the risks that appeared on last years first-call list will appear on this year's list. This was because some risks identified last year were reassessed, they were not considered to be a high risk any longer. Each risk would be checked to ensure no risk was missed off when generating this year's list.

5.11 **RESOLVED:** That the Audit & Standards Committee endorsed the programme of work for 2022/23.

6. PROGRESS IN HIGH OPINION REPORTS

6.1 The Committee received a report of the Senior Finance Manager (Internal Audit) was to present the progress made against recommendations in the audit reports that have been given a high opinion, a no assurance opinion or a limited assurance with high organisational impact opinion.

6.2 The Senior Finance Manager (Internal Audit) explained that this report was brought to the Audit & Standards Committee every 6 months to update the Committee.

6.3 The Senior Finance Manager (Internal Audit) informed the Committee that recommendations on the tracker will remain there until internal audit felt that sufficient progress had been made. Then, the Committee would be asked for approval to remove that recommendation.

6.4 There was report with one (with three recommendations) which internal audit was asking the Committee for approval to remove. This was the Information Security audit which internal audit felt the three recommendations had been sufficiently actioned.

6.5 One review was added to the recommendation tracker in December 2021. This was not followed-up for the last report due to longer than usual implementation date, and so was included in the report. This was Adult Safeguarding. In addition, there was also two new reports added to the tacker for this period. These were Disposal of IT Assets and Creditors Audit Review of Non-Standards Payments. There was a total of 29 recommendations on the tracker, in which 16 of those had been implemented with 13 still ongoing.

6.6 It was mentioned that this tracker was taken to the Performance and Delivery Board on 17/5/22 for review and comment.

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

6.8 The Senior Finance Manager (Internal Audit) agreed to amend the report to reflect that September had 30 days instead of 31.

6.9 The Senior Finance Manager (Internal Audit) explained the difficulty of getting training mandated across the service. The Senior Finance Manager (Internal Audit) agreed to check with the Safeguarding lead whether Persons in Position of Trust training was requested to be mandated, and if not why.

- 6.10 **RESOLVED:** That **(1)** the Audit and Standards Committee noted the content of the report; **(2)** That the Audit and Standards Committee agreed to the removal of the following report from the tracker – information security incidents; and **(3)** That the Senior Finance Manager (Internal Audit) agreed to check whether Persons in Position of Trust training was requested to be mandated, and if not why.

7. NEW HOUSING SYSTEM AND PROJECT UPDATE

7.1 The Executive Director, Operational Services, Ajman Ali explained that following a review from internal audit in June 2018, there was a recommendation that the Housing Management System was not up to date. Therefore, the report presented to the Audit & Standards Committee outlined the work that had been completed to meet the recommendations. The Executive Director, Operational Services added that this recommendation had been outstanding for too long although this was now coming to close. He was also very pleased to see the work undertaken by officers and the progress made on the new housing system.

7.2 The Head of Neighbourhood Services, Bev Mullooly gave a presentation and the key points to note were: -

- The Open Housing Management System (OHMS) was used across the Housing and Neighbourhoods Service. This needed to be replaced in the medium to long term.
- The Housing and Neighbourhoods service used several systems alongside the OHMS. Some were:
 - Abritas for Choice Based Lettings
 - APEX and Technology Forge for Investment
 - Confirm for grounds maintenance
- Internal audit were informed that the upgrade of the OHMS by Capita, was likely to be a significant cost to the Council.
- OHMS system migrated to Northgate Hosting in December 2020.
- Market test carried out to determine potential replacement options for OHMS in January 2021.
- OHMS system upgraded to latest version with all new features and capabilities available in April 2021.
- The OHMS system was now fully supported by the supplier in April 2021.
- Full tender issued for OHMS replacement in December 2021.

In conclusion, the service felt they had adequately complied with the audits recommendations as the OHMS system was running on its latest version and the services disaster recovery plan and business continuity plan were updated. Moving forward, timescales for actions were as follows:

- Preferred supplier to be informed and contract for new housing

management system to be signed in June 2022. This was currently pending approval from Legal Services.

- The implementation of the new system should be initiated in June 2022.
- Phase 1 of the implementation will be completed by September 2023.
- Phase 2 of implementation will be completed by March 2024.

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

7.4 The Head of Neighbourhood Services confirmed she was unable to discuss details that related to potential suppliers of the new system as this was commercially sensitive information.

7.5 The Head of Neighbourhood Services mentioned the Housing Service had a communication plan and risk register in place to identify and mitigate potential risks throughout the implementation phases. They had also contacted other authorities that had been through similar changes of systems.

7.6 The Head of Neighbourhood Services confirmed the budget had been allocated for this project. It was mentioned that both staff and customers had been consulted, therefore their requirements were checked and scored against potential supplier's solutions.

7.7 The Head of Neighbourhood Services stated there will be multiple accessibility streams for customers to use the new system from various devices. In addition, customers would still have the option to call the Council if they would prefer to use that method over the new online system.

7.8 The Business Applications Systems and Data Service Manager, Jessica Kavanagh raised the importance of having a new system that after implemented was instantly functional, but also able to be adjusted if necessary. It was mentioned that there will be parts of the system that can be configured by the service. Therefore, if a change was needed that the service had control over, that can be carried out. Alternatively, there would be elements of the system that can not be configured along with some potential areas that if requested back to the supplier, can be amended. The Business Applications Systems and Data Service Manager added that various factors including these one, had been considered throughout the procurement process so that the system was in the best possible position for the customers once implemented.

7.9 A Member of the Committee asked if a further update could be provided to Members of the Committee around the implementation plan and key dates.

The Director of Legal and Governance stated that the Housing Policy Committee may be better suited to oversee the implementation of the new system rather than the Audit & Standards Committee.

- 7.10 **RESOLVED:** That **(1)** Members of the Audit and Standards Committee are recommended to note this report and close the outstanding audit action as it is complete also note the progress to replace the Open Housing Management System and associated systems; and **(2)** that regular updates on the implementation of the new system is passed to the Housing Policy Committee, and that this Committee is involved as and if necessary.

8. GOVERNMENT RESPONSE TO THE COMMITTEE ON STANDARDS IN PUBLIC LIFE REPORT

- 8.1 The Committee received a report of the Director of Legal and Governance which highlighted the Governments responses to the Committee on Standards in Public Life's Review of Local Government Ethical Standards.
- 8.2 In January 2019, the Committee for Standards in Public Life issued a report with recommendations on ethical standards in Local Government. This was following extensive consultation with local authorities. The Audit and Standards Committee carried out a workshop to review those recommendations and then implemented changes where necessary to the Members Code of Conduct and Procedure for dealing with complaints. The Audit & Standards Committee also submitted a consultation response on behalf of Sheffield City Council.
- 8.3 In summary, the Government had not made any changes to the legislation following the recommendations. Although, there were some areas which they committed to look at further. There were also some aspects noted where the Government considered Local Government could change if they wanted to without further legislation.
- 8.4 The Director of Legal and Governance summarised the recommendations in the report which the Audit & Standards Committee would find useful.
- 8.5 Independent person, David Waxman felt the report produced by the Committee for Standards in Public Life in 2019 was very well regarded and applauded by groups with interest in this area. Therefore, was disappointed with the Governments minimal interest to that report and recommendations.
- 8.6 Members of the Committee asked questions and the following responses were provided: -
- 8.7 The Director of Legal and Governance confirmed the current law was

clear that the Code of Conduct only applied to elected Members when they were acting in their official capacity This was set out in the judgment relating to Ken Livingstone when he was the Mayor of London and was supported by the Localism Act 2011. This stated that Members have a right to a private life and have the ability to exercise free speech when not acting in an official capacity. This leaves us with some ambiguity around when a member is acting in their official capacity and this report offered the government an opportunity to remove that ambiguity.

- 8.8 The Director of Legal and Governance informed the Committee that new Members were informed that they could request that their home address is withheld from the online register through the Monitoring Officer if they could evidence that the interest fell within the definition of 'Sensitive interest' within the Localism Act 2011. The Director of Legal and Governance also had regular conversations with Groups Whips around this issue. Members would also have been reminded of this through the Members code of conduct training which was recently delivered.
- 8.9 **RESOLVED:** That the Audit & Standards Committee noted the Government response to the Committee on Standards in Public Life review of local government ethical standards.

9. WORK PROGRAMME

- 9.1 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.
- 9.2 Independent Co-opted Member Alison Howard suggested that the private meeting for Members and the Council's External Auditors be recorded on the work programme.
- 9.3 A Member of the Committee suggested that Audit training took place prior to the first meeting of the committee.
- 9.4 A Member of the Committee raised concerns around the scheduling of meetings through the school holiday months as this caused issues for Members attending meetings who had families and other responsibilities in these periods.
- 9.5 **RESOLVED:** - that **(1)** the work programme be noted; and **(2)** that the closed meeting with Members be added to the work programme.

10. STRATEGIC RISK REPORTING

- 10.1 The Finance Manager, Helen Molteno, referred to the report which summarised current Council risks and what actions the Council were taking to mitigate them.
- 10.2 Members of the Committee asked questions on the report.
- 10.3 **RESOLVED:** - That the Audit and Standards Committee **(1)** noted the current assessment of the Council's risk management arrangements and endorsed the measures being taken to strengthen those arrangements; and **(2)** noted the current and emerging risks and endorses the actions being taken to mitigate those risks.

11. DATES OF FUTURE MEETINGS

- 11.1 It was noted that the next meeting of the Committee would be held on 28 July 2022.