

## **Corporate Governance and Audit Committee**

**Friday, 30th September, 2011**

**PRESENT:** Councillor G Driver in the Chair  
  
Councillors P Grahame, C Campbell,  
G Kirkland, J Elliott, W Hyde, T Hanley and  
C Fox

### **Co-optee**

Apologies Councillors N Taggart, A Lowe, G Hussain  
and Mr G Tollefson

### **30 Appeals Against Refusal of Inspection of Documents**

There were no appeals against the refusal of inspection of documents.

### **31 Exempt Information - Possible Exclusion of the Press and Public**

There were no resolutions to exclude the public.

### **32 Late Items**

There were no late items submitted to the agenda for consideration. However additional information was circulated with regards to Agenda Item 7. 'Approval of the Audited Statement of Accounts 2010/11' which amended KPMG's Report to those charged with governance 2010/11 (ISA 260 report).

### **33 Declaration of Interests**

Councillor Driver declared a personal interest in Agenda Item 9 (Minute 39 refers) as a Board Member of Aire Valley Homes ALMO. Councillor Fox and Councillor Hanley declared an interest in Agenda Item 7 (Minute 37 refers) as trustees of the West Yorkshire Pension Fund.

### **34 Apologies for absence**

Apologies for absence were received from Councillors: Taggart; Lowe; G Hussein and Mr Tollefson (Co-optee).

### **35 Minutes of the Previous Meeting**

The minutes of the Corporate Governance and Audit Committee meeting held on the 18<sup>th</sup> July 2011 were approved as a correct record.

Minutes approved as a correct record at the meeting held on Wednesday, 9th November, 2011

### 36 Report on the Local Government Ombudsman's Annual Letter 2010/11

The Corporate Customer Relations Manager presented a report of the Chief Officer (Customer Services). The report discussed the Local Government Ombudsman's Annual Letter, highlighting the Council's performance with regards to Ombudsman cases received for the period April 2010 to March 2011.

Also in attendance were Anne Seex, the Local Government Ombudsman and Nigel Richardson, the Director of Children's Services.

The Local Government Ombudsman informed the Committee that Leeds was a commendable authority and is used as a model for other authorities.

**RESOLVED** – The Committee resolved to note the contents of the report and its appendices.

(Councillor Kirkland entered the meeting during discussion of this item at 2:07pm.)

### 37 Approval of the Audited Statement of Accounts 2010/11

The Chief Officer (Financial Management) presented a report for the Director of Resources. The report presented both KPMG's report to those charged with governance for 2010/11 (ISA 260 report) and the final audited Statement of Accounts for approval. The report also included an audit opinion on whether the Council has proper arrangements for securing value for money by making proper arrangements to secure economy, efficiency and effectiveness in its use of resource.

KPMG confirmed they have reviewed the Annual Governance Statement and confirmed it complies with *Delivering Good Governance in Local Government: A Framework* published by CIPFA/SOLACE in June 2007; and it is not misleading or inconsistent with other information we are aware of from our audit of the financial statements.

In attendance were Mike McDonough, Steve Clark and Alison Ormston from KPMG.

Members discussed the report in detail and asked questions in relation to figures contained within the accounts, how these had been arrived at and also compared them to the previous years accounts. Specifically Members queried the following with the officers in attendance and KPMG representatives:

- the large change in the balance of the HRA account compared to last year's figure;
- the treatment of PFI schemes in the accounts;

- the valuation of assets in the fixed asset register and how these are calculated;
- the inclusion of assets sold or transferred in the accounts; and
- whether KPMG were satisfied with the contingent liabilities stated in the accounts

Members also asked officers about the International Financial Reporting Standards, how much of these the Council was required to implement in preparing the accounts and what accounting framework the authority was using.

Members challenged KPMG with regards to the fee that they charged and asked for a detailed summary of how the fee was arrived at.

As a gesture of good will KPMG offered to reduce the fee by £5,500.

In approving the accounts, Members attention was drawn to KPMG's conclusions including; the unqualified audit opinion, that the Annual Governance Statement accords with KPMG's understanding, that all prior year recommendations have been dealt with, that a number of new recommendations have been agreed with the Council and that KPMG were complimentary about the standard and timeliness of working papers.

**RESOLVED** – The Committee resolved to:

- (a) note the amendment to the financial statements in relation to the figure used for the teachers holiday accrual;
- (b) approve the final audited 2010/11 Statement of Accounts and agreed that the Chair acknowledge the approval on behalf of the Committee by signing the appropriate section within the Statement of Responsibilities on page 1 of the accounts;
- (c) agree that the Chair should also sign the management representation letter on behalf of the Committee;
- (d) note the work to date on the VFM audit opinion and that KPMG have now concluded their VFM opinion that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resource;
- (e) note the rebate KPMG have given in respect of the audit fee; and
- (f) request a report detailing future developments in accounting standards that will effect the Council.

### **38 Risk Management Policy Revision**

The Principal Risk Management Officer presented a report of the Director of Resources seeking the views of the Committee on a revised draft Risk Management Policy. The proposed amendment to the policy reflect a number of changes across the Council since the approval of the previous policy in 2008, including; links to the new city priority plans and Council business plan, outcome based accountabilities, the joint reporting of risk management and

performance management information, a greater level of risk awareness and the publication of the corporate risk register. Roles and responsibilities under the proposed policy remain largely unchanged.

**RESOLVED** – The Committee resolved to receive and endorse the draft 2011 Risk Management Policy.

### **39 Internal Audit Report**

The Head of Internal Audit presented a report of the Director of Resources which provided a summary of Internal Audit activity for the period April – September 2011.

Members discussed the report in detail specifically commenting on the extent to which Audit resources might be available to help schools in mitigating risks associated with the management of school funds.

**RESOLVED** – The Committee resolved to note the work undertaken by Internal Audit during the period covered by the report.

### **40 Annual Governance Statement**

The Head of Governance Services presented a report of the Director of Resources seeking approval to the Annual Governance Statement.

**RESOLVED** – The Committee resolved to:

- (a) approve the Annual Governance Statement; and
- (b) recommend that the Leader of Council, the Chair of the Committee, the Chief Executive and the Director of Resources sign the document on behalf of the Council.

### **41 Bribery Act**

The Principal Audit Manager presented a report of the Director of Resources which informed the Committee of the contents of the Bribery Act and its implications for the Council. The report also sought support for the approval and communication of the Anti - Bribery Policy.

**RESOLVED** – The Committee resolved to note the contents of the report.

## **42 Work Programme**

The Director of Resources submitted a report notifying Members of the work programme.

The Committee reviewed its forthcoming work programme.

**RESOLVED** – The Committee resolved to note the work programme.