



CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Meeting to be held in Civic Hall, Leeds, LS1 1UR on
Tuesday, 21st January, 2014
at 2.00 pm

MEMBERSHIP

Councillors

P Grahame	J Bentley	C Fox	R Finnigan
N Taggart		R Wood	
T Hanley			
G Hussain (Chair)			
E Taylor			
J Illingworth			
J Hardy			

A G E N D A

Item No	Ward	Item Not Open		Page No
1			<p>APPEALS AGAINST REFUSAL OF INSPECTION OF DOCUMENTS</p> <p>To consider any appeals in accordance with Procedure Rule 15.2 of the Access to Information Procedure Rules (in the event of an Appeal the press and public will be excluded).</p> <p>(*In accordance with Procedure Rule 15.2, written notice of an appeal must be received by the Head of Governance Services at least 24 hours before the meeting)</p>	
2			<p>EXEMPT INFORMATION - POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC</p> <p>1 To highlight reports or appendices which officers have identified as containing exempt information, and where officers consider that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons outlined in the report.</p> <p>2 To consider whether or not to accept the officers recommendation in respect of the above information.</p> <p>3 If so, to formally pass the following resolution:-</p> <p>RESOLVED – That the press and public be excluded from the meeting during consideration of the following parts of the agenda designated as containing exempt information on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information, as follows:-</p>	

Item No	Ward	Item Not Open		Page No
3			<p>LATE ITEMS</p> <p>To identify items which have been admitted to the agenda by the Chair for consideration</p> <p>(The special circumstances shall be specified in the minutes)</p>	
4			<p>DECLARATION OF DISCLOSABLE PECUNIARY AND OTHER INTERESTS'</p> <p>To disclose or draw attention to any disclosable pecuniary interests for the purposes of Section 31 of the Localism Act 2011 and paragraphs 13-16 of the Members' Code of Conduct.</p>	
5			<p>APOLOGIES FOR ABSENCE</p> <p>To receive any apologies for absence.</p>	
6			<p>MINUTES - 8TH NOVEMBER 2013</p> <p>To receive the minutes of the meeting held on 8th November 2013.</p>	1 - 6
7			<p>KPMG REPORT - ANNUAL AUDIT LETTER 2012/13</p> <p>To receive a report of the Director of Resources providing a summary of the key external audit findings in respect of the 2012/13 financial year.</p>	7 - 16
8			<p>KPMG CERTIFICATION OF GRANTS AND RETURNS 2012/13</p> <p>To receive a report of the Director of Resources informing the Committee on the result of the work KPMG have carried out on the certification of grant claims in respect of 2012/13.</p>	17 - 30

Item No	Ward	Item Not Open		Page No
9			<p data-bbox="676 181 1286 215">KPMG EXTERNAL AUDIT PLAN 2013/14</p> <p data-bbox="676 255 1390 506">To receive a report of the Director of Resources informing the Committee of KPMG's audit plan for the audit of the Council's accounts and Value for Money arrangements. The attached report from KPMG highlights the risk based approach to the audit and the main risks they have identified for 2013/14.</p>	31 - 58
10			<p data-bbox="676 584 1401 719">UPDATE 4 - SHARED SERVICE PARTNERSHIP WITH CALDERDALE METROPOLITAN BOROUGH COUNCIL TO MEET ADULT SOCIAL CARE TECHNOLOGY REQUIREMENTS</p> <p data-bbox="676 763 1406 1048">To receive a report of the Director of Adult Social Services This report has provides an update on the progress of the ASC Systems Review Programme. It provides assurance to the Committee that the challenges that have been faced have been resolved and the project is on track to provide the required technology solution within Adult Social Care.</p>	59 - 64
11			<p data-bbox="676 1122 1326 1263">REPORT OF THE INFORMATION COMMISSIONER'S OFFICE FOLLOWING A DATA PROTECTION AUDIT CONDUCTED ACROSS THE COUNCIL</p> <p data-bbox="676 1308 1406 1518">To receive a report of the Assistant Chief Executive (Citizens and Communities) and Deputy Chief Executive ensuring that the Committee have sight of the recommendations contained within ICO (Information Commissioner's Office) audit report and consider their implications for the Council.</p>	65 - 108
12			<p data-bbox="676 1592 1299 1659">INTERNAL AUDIT UPDATE REPORT 1ST SEPTEMBER TO 30TH NOVEMBER 2013</p> <p data-bbox="676 1704 1385 1883">To receive a report of the Chief Officer (Audit and Investment) providing a summary of internal audit activity for the period 1st September to 30th November 2013 and highlighting the incidence of any significant control failings or weaknesses.</p>	109 - 132

Item No	Ward	Item Not Open		Page No
13			<p>WORK PROGRAMME</p> <p>To receive a report of the City Solicitor notifying and inviting comment form the Committee on the work programme.</p>	133 - 138

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Agenda Item 6

Corporate Governance and Audit Committee

Friday, 8th November, 2013

PRESENT: Councillor G Hussain in the Chair
Councillors P Grahame, N Taggart, C Fox,
E Taylor, J Illingworth, J Bentley, J Hardy
and B Anderson (as substitute for R Wood)

Apologies Councillors T Hanley and R Wood

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.

33 Declaration of Disclosable Pecuniary and Other Interests'

No declarations were made.

34 Apologies

Apologies for absence were received from Councillor R Wood. Councillor B Anderson was in attendance as substitute. Apologies were also received from Councillor T Hanley.

35 Minutes - 20th September 2013

RESOLVED – The minutes of the meeting held on 20th September 2013 were approved as a correct record, subject to minute 25 being amended to reflect Members request that an update on the policies and procedures governing leaving care grants be included in the next Internal Audit update report.

36 Update regarding progress with the development of Business Continuity Plans for LCC's most critical services.

The Business Continuity Programme Manager presented a report submitted by the Deputy Chief Executive. The report provided confirmation to the Committee that the 28 outstanding Business Continuity Plans for LCC's most critical services as reported in July 2013 (Minute No.9 refers) have all been completed and signed-off before the end of September deadline.

Members discussed the types of risks that could potentially cause problems in terms of business continuity such as severe weather, flooding, loss of staff due to industrial action, ICT failure and loss of buildings.

Members considered the monitoring and updating of plans with the Business Continuity Manager and were informed of how this will be managed. Members also felt it was important that any new risks were identified quickly.

The Business Continuity Manager confirmed to Members that services identified as non-critical but which would have an impact on human welfare, the environment or security should they be disrupted, are currently being identified with a view to having business continuity plans developed.

Members also noted that there will be an annual report presented to the Committee in 2014.

RESOLVED – The Committee resolved to note that all 67 of the Council's most critical services reported in July 2013 have Business Continuity Plans in Place.

37 Update - Shared Service Partnership with Calderdale Metropolitan Borough Council to meet Adult Social Care Technology Requirements

The Chief Officer (Resources and Strategy) presented a report of the Director of Adult Social Services which provided an update on the progress of the ASC Systems Review Programme. It informed the Committee of the challenges that have been faced in the last six months and the steps that are being taken to effectively implement and provide effective technology solutions within Adult Social Care.

The Senior Project Manager (Resources) and the Chief ICT Officer of Calderdale Council were also in attendance to answer Members questions.

Members discussed the report in detail and stressed the importance of Leeds needing to have a system in place that could meet the demands of a large council. Calderdale's Chief ICT Officer provided assurance to the Committee that the demands of Leeds would be met by the new system.

Consideration was given to the future with Members commenting that ideally there would be fewer paper files held by social services and that new technology such as the 'Cloud' system could help facilitate this. A note of

caution was expressed in terms of where data would be stored in the future and the need for security in terms of accessibility.

Members discussed the involvement of operational staff in the planning and preparation for the new system and the difficulties that had been encountered in setting up a dedicated social work team to work on the implementation.

Members expressed a wish to be kept informed of the implementation of the project and requested a report be brought to the January meeting of the Committee.

RESOLVED – The Committee resolved to:

- (a) Note the report and the progress that has been made, as well as the challenges that have been encountered; and
- (b) Request to receive a further report on the progress of the programme at the January meeting of the Committee.

38 Office of the Director of Public Health Risk Management Arrangements

To receive a report of the Director of Public Health providing the Committee with assurance that the Office of the Director of Public Health has appropriate Risk Management processes in place and is working closely with colleagues within the Risk Management Unit to ensure that these processes are aligned with the Council's Risk Management Framework, complying fully with the Corporate Risk Management Policy. The report also informed the Committee of the Public Health Clinical Governance arrangements in place within the overall Public Health risk management arrangements.

Members commented that arrangements for the delivery of public health services need to be kept line with the governance arrangements of the Council.

Members discussed the budgetary pressures faced by public health services provided by the Council and how discretionary services will continue to be delivered. Members were informed that the Council has the authority to decide what discretionary services it provides.

Members discussed balancing the competing objectives of meeting the demands of the Health and Social Care Act 2012 and operating within financial constraints of the budget provided to the Council to deliver services.

Members established that decisions for determining what services are provided are taken by the Executive Board.

RESOLVED – the Committee resolved to:

- (a) Acknowledge that further work will be undertaken on Public Health's risk Management arrangements to strengthen these and fully align them to the Council's Risk Management Framework;
- (b) Note the information on Public Health's clinical governance arrangements;
- (c) Note the Public Health Governance Group will provide assurance to the Committee that it has sound Risk Management arrangements in place;
- (d) Agree that the annual report will be presented to the Committee in July 2014; and
- (e) Request a further report to update the Committee on the progress of aligning Public Health's clinical governance arrangements to those maintained by the rest of the Council.

39 Community Asset Transfer Due Diligence

The Community Assets Officer presented a report of the Asset Management Service. The report provided details of the due diligence processes undertaken for community asset transfer projects, particularly around governance, insurance and financial management.

Members discussed the handover process and how this could possibly be completed more quickly. However the importance of undertaking thorough due diligence before any handover was noted.

Members asked about the management of transferring assets and the monitoring that is undertaken after an asset has been transferred.

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

40 Public Sector Internal Audit Standards

The Chief Officer (Audit and Investment) submitted a report of the Deputy Chief Executive. The report informed the Committee of the new Public Sector Internal Audit Standards and provided assurance on compliance with the new standards. It was noted that the new standards apply across the whole public sector; the previous standards being specific to the local government sector. The report also sought approval of the Internal Audit Charter and asked that the Internal Audit Quality Assurance and Improvement Programme required by the Public Sector Internal Audit Standards (PSIAS) be noted.

Members questioned the differences between current practice and the new charter. Members were informed that the principles inherent in the charter were currently documented in Financial Procedure Rules and the Chief Officer (Audit and Investment) highlighted some of the new requirements such as confirmation of organisational independence and compliance with the PSIAS.

Members discussed the different ways that Internal Audit could be provided at the Council. The Chief Officer (Audit and Investment) informed the committee

that there is a statutory requirement for the Council to have an internal audit function but that the Council had discretion on how to deliver that function.

RESOLVED – The Committee resolved to:

- (a) Note the Action Plan attached at Appendix 1 to the submitted report;
- (b) Approve the Internal Audit charter attached at Appendix 2 to the submitted report; and
- (c) Note the Quality Assurance and Improvement programme attached at Appendix 3 to the submitted report.

41 Treasury Management Governance Report 2013

The Chief Officer Audit and Risk presented a report submitted by the Deputy Chief Executive. The report outlined the governance framework for the management of the Council's treasury management function. The report provided a review of compliance with the updated CIPFA guidance notes for practitioners on the Prudential Code for Capital Finance in Local Authorities issued in 2013.

RESOLVED – The Committee resolved to:

- (a) note the assurance provided that Treasury Management continues to adhere to the CIPFA Code of Practice and the Prudential Code;
- (b) note that Treasury Management complies with revised CIPFA guidance notes issues in 2013; and
- (c) note the updated delegations in respect to Treasury Management as outlined at Appendix A to the attached report.

42 Work programme

The City Solicitor 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.

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Report of the Director of Resources

Report to Corporate Governance and Audit Committee

Date: 21st January 2014

Subject: KPMG report – Annual Audit Letter 2012/13

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. In line with proper audit practice, KPMG have issued a summary of the key audit findings for the 2012/13 financial year (**see Appendix 1**). The report concludes that the auditors have been able to provide unqualified opinions in respect of all the areas they are required to assess.
2. In respect of actions required for 2013/14, KPMG have made only three low priority recommendations.

Recommendations

3. Members are asked to note the conclusions and recommendations arising from the 2012/13 external audit process.

1 Purpose of this report

- 1.1 To provide a summary of the key external audit findings in respect of the 2012/13 financial year.

2 Background information

- 2.1 Section 4 of the Code of Audit Practice 2010 for Local Government bodies requires external auditors to issue an Annual Audit Letter. The purpose of preparing and issuing annual audit letters is to communicate to the audited body and external stakeholders, including members of the public, the key issues arising from auditors' work. The annual audit letter should cover the work carried out by auditors since the previous annual audit letter was issued and matters previously reported to those charged with governance.

3 Main issues

- 3.1 Members should note the assurances KPMG give in respect of:

- § An unqualified Value for Money conclusion;
- § The Annual governance Statement complies with proper practice and is not inconsistent with other information they are aware of from the audit of the financial statements;
- § An unqualified audit opinion on the 2012/13 Statement of Accounts; and
- § The Council's Whole of Government Accounts return to the HM Treasury was consistent with the audit financial statements.

- 3.2 The report also recognises that the Council continues to act to mitigate key risks identified in the audit reports and to implement any recommendations made. To date KPMG have made only three low priority recommendations in respect of ICT controls.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 This is a factual report based on evidence provided by the external auditors and consequently no public, Ward Member or Councillor consultation or engagement has been sought.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 This is a factual report based on evidence provided by the external auditors and has no direct implications for equality, diversity, cohesion and integration.

4.3 Council Policies and City Priorities

- 4.3.1 As this is a factual report based on evidence provided by the external auditors there are no direct implications for Council policies or City priorities.

4.4 Resources and Value for Money

4.4.1 As this is a factual report based on evidence provided by the external auditors there are no direct implications for resources. The report does however include an audit opinion on whether the Council has proper arrangements for securing value for money.

4.5 Legal Implications, Access to Information and Call In

4.5.1 Under Section 4 of the Code of Audit Practice 2010 for Local Government bodies, external auditors are required to issue an Annual Audit Letter summarising the main audit findings in relation to the financial year.

4.5.2 As this is a factual report based on evidence provided by the external auditors none of the information enclosed is deemed to be sensitive or requesting decisions going forward and therefore raises no issues for access to information or call in.

4.6 Risk Management

4.6.1 KPMG have confirmed that the Council has adequate controls in place to mitigate the key risks identified within the 2012/13 external audit reports.

5 Conclusions

5.1 There are no major issues arising from the work of external audit and officers continue to actively implement any recommendations raised in the reports.

6 Recommendations

6.1 Members are asked to note the conclusions and recommendations arising from the 2012/13 audit process.

7 Background documents¹

7.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

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Annual Audit Letter 2012/13

Leeds City Council

22 October 2013



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Report sections

- Headlines

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Appendices

1. Summary of reports issued

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies*. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document which is available on the Audit Commission's website at www.auditcommission.gsi.gov.uk.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact John Prentice, the appointed engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk, who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to complaints@audit-commission.gsi.gov.uk. Their telephone number is 0303 444 8330.

This report summarises the key findings from our 2012/13 audit of Leeds City Council (the Authority).

Although this letter is addressed to the Members of the Authority, it is also intended to communicate these issues to key external stakeholders, including members of the public.

Our audit covers the audit of the Authority's 2012/13 financial statements and the 2012/13 VFM conclusion.

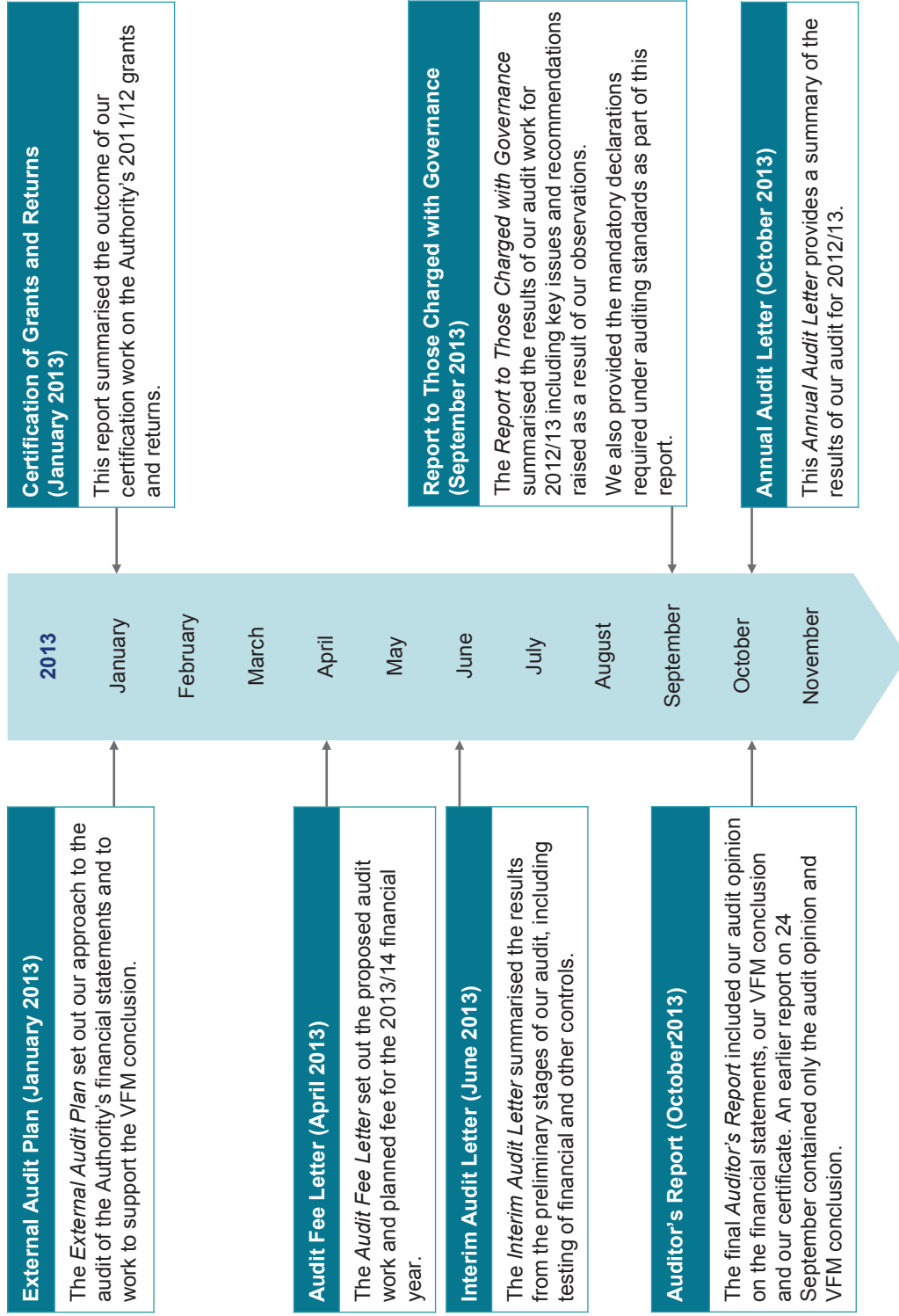
VFM conclusion	<p>We issued an unqualified value for money (VFM) conclusion for 2012/13 on 24 September 2013. This means we are satisfied that you have proper arrangements for securing financial resilience and challenging how you secure economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at your financial governance, financial planning and financial control processes, as well as how you are prioritising resources and improving efficiency and productivity.</p>
VFM risk areas	<p>In our External Audit Plan, issued in January 2013, we identified the significant challenge Local Authorities face to deliver budget savings as a risk to the Authority achieving its VFM responsibilities.</p> <p>We monitored the Authority's budget position throughout the year through the monthly financial monitoring reports to Executive Committee. The Authority achieved its budget targets at outturn, with a further £6.7m of savings achieved. We therefore did not need to carry out any additional local risk-based work on the financial resilience criterion and concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.</p>
Audit opinion	<p>We issued an unqualified opinion on your financial statements on 24 September 2013. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. The financial statements also include those of the Authority's Group, which consists of the Authority itself and the subsidiaries, associates and joint ventures of the Authority, the most significant being the three housing ALMOs Aire Valley Homes, West North West Homes and East North East Homes.</p>
Financial statements audit	<p>There were no significant issues identified in the financial statements audit.</p>
Annual Governance Statement	<p>We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding of the Authority.</p> <p>There were no significant amendments required to the draft statement.</p>

All the issues in this letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 1.

Whole of Government Accounts	We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements on 4 October 2013.
Recommendations	There were no high priority recommendations following our 2012/13 audit work. We raised three low priority recommendations around the IT control environment.
Certificate	We issued our certificate on 4 October 2013. The certificate confirms that we have concluded the audit for 2012/13 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission's <i>Code of Audit Practice</i> .
Audit fee	Our fee for 2012/13 was £307,800 excluding VAT. This was a reduction of 40% from 2011/12. This reflects the significant reductions made nationally by the Audit Commission to its scale fees.

Appendix 1: Summary of reports issued

This appendix summarises the reports we issued since our last *Annual Audit Letter*.





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Report of the Director of Resources

Report to Corporate Governance and Audit Committee

Date: 21st January 2014

Subject: KPMG Certification of grants and returns 2012/13

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. KPMG have stated that the Council has effective arrangements for the central co-ordination and communication of grant claims. Of the claims and returns audited in 2012/13, one claim was qualified and one required a significant audit adjustments.
2. As in previous years the Housing & Council Tax Benefit Return was qualified due to minor reconciliation issues. In addition, due to problems with the quality assurance arrangements, further testing was required by KPMG resulting in an additional audit fee of £2k.
3. The significant audit adjustment was in respect of the disclosure of £1.8m in the Pooling of Housing Capital Receipts return. This had no impact on the level of pooled receipts.

Recommendations

4. Members are asked to note the results of the 2012/13 audit of grants and returns.

1 Purpose of this report

- 1.1 To inform members on the result of the work KPMG have carried out on the certification of grant claims in respect of 2012/13.

2. Background information

- 2.1 Each year the Government determines which grant claims require audit certification. The external auditors of each Local Authority are informed of these auditable grants

by way of a register supplied by the Audit Commission. Corporate Financial Management provide a central coordination role to ensure all relevant working papers and grant returns are available for the Council's external auditors in order to meet the Government timetables.

3 Main issues

- 3.1 The attached report highlights the audit issues identified in respect of the 2012/13 grants and returns.
- 3.2 KPMG's report confirms that the Council has effective arrangements for the central co-ordination and communication of grant claims. The report does however identify one recommendation for improving the process. This has been built into procedures for 2013/14.
- 3.3 The audit report highlights one qualification in respect of 2012/13 grants. As was the case last year, this qualification was in respect of the Housing & Council Tax Benefit return. The qualification was again due to minor reconciliation differences between benefits paid per the claim form and benefits awarded per the benefits system. Members should note that KPMG are required to qualify a return if the systems used to support the claim are not fully reconciled. System improvements continue to be made but it should be recognised that the variance on the reconciliation amounted to less than £1k within a total claim of £337m. This variance had no impact on the claim received by the Council.
- 3.4 In addition to the above, for 2012/13 KPMG's report also identified that further testing was also required on the Housing & Council Tax Benefit return. For this additional testing the Council was charged an extra audit fee of £2k. If the Department of Work and Pensions was to adjust the subsidy by extrapolating the identified errors it would reduce the Council's subsidy by £2k. Members should note that officers have improved the processes to prevent a reoccurrence of this issue for the 2013/14 return.
- 3.5 KPMG's report also highlights areas where significant adjustment where required to a claim or return. For 2012/13 there was only one such adjustments, namely a £1.8m disclosure issue in respect of the Pooling of Housing Capital Receipts. This had no impact on the level of pooled receipts.
- 3.6 Officers continue to action audit recommendations to minimise errors and ensure accurate returns and claims are made.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 This is a factual report based on evidence provided by the external auditors and consequently no public, Ward Member or Councillor consultation or engagement has been sought.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 This is a factual report based on evidence provided by the external auditors and has no direct implications for equality, diversity, cohesion and integration.

4.3 Council Policies and City Priorities

- 4.3.1 Under the Committee's terms of reference, members are required to receive external audit reports in order to gain the necessary assurance regarding governance. The report from KPMG provides assurance that all grant claims received to date have been certified by the auditors and any audit adjustments actioned.

4.4 Resources and Value for Money

- 4.4.1 Members should note the audit fee of £38k for certification of grants and returns for the financial year 2012/13.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 As this is a factual report based on evidence provided by the external auditors none of the information enclosed is deemed to be sensitive or requesting decisions going forward and therefore raises no issues for access to information or call in.

4.6 Risk Management

- 4.6.1 All recommendations contained within the Certification of Grants and Returns 2012/13 report have been considered and appropriate actions agreed.

5 Conclusions

- 5.1 All grant claims and returns have been successfully completed and final approved claims submitted to the relevant granting organisation.
- 5.2 The audit process identified one qualification issues and one return required an adjustment to the amount claimed.
- 5.3 Weaknesses in the control environment have been evaluated and changes have been introduced where appropriate.
- 5.4 External audit certification remains a valuable part of the control process and helps ensure that correct money is received by the Council.

6 Recommendations

- 6.1 Members are asked to note the results of the 2012/13 audit of grants and returns.

7 Background documents¹

- 7.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

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Certification of claims and returns 2012/13

Leeds City Council

16 December 2013

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■ Prior year recommendations

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External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact John Prentice, who is the engagement lead to the Authority (telephone 0113 231 3935, e-mail john.prentice@kpmg.co.uk) who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees (telephone 0161 236 4000, e-mail trevor.rees@kpmg.co.uk) who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to complaints@audit-commission.gsi.gov.uk. Their telephone number is 0303 444 8330.

Introduction and background	<p>This report summarises the results of work on the certification of the Council’s 2012/13 grant claims and returns.</p> <ul style="list-style-type: none"> ■ For 2012/13 we certified: <ul style="list-style-type: none"> – 2 grant claims with a total value of £341m; and – 3 returns with a total value of £389m. 	-
Certification results	<p>We issued unqualified certificates for 4 claims and returns but qualification was necessary in 1 claim (1 claim in 2011/12).</p> <ul style="list-style-type: none"> ■ The Housing and Council Tax Benefit subsidy claim was qualified due to the following findings: <ul style="list-style-type: none"> ■ non-HRA rent rebates expenditure was mis-classified on the claim form; and ■ differences were identified between benefit paid per the claim form and benefit granted per the housing benefit system for rent allowances and HRA rent rebates. ■ Neither of these issues would lead to a significant reduction in subsidy. If DWP decide to apply the extrapolated error amounts included in the qualification letter to adjust subsidy, this would reduce subsidy by approximately £2k. ■ The subsidy reconciliation issue was reported in qualification letters in both 2010/11 and 2011/12. 	Pages 4 – 5
Audit adjustments	<p>Adjustments were necessary to 3 of the Council’s returns as a result of our certification work this year.</p> <ul style="list-style-type: none"> ■ The Housing & Council Tax Benefits claim was amended to increase subsidy claimed by £5k for HRA rent rebates and £1k for Council Tax Benefits. ■ The Pooling of Housing Capital Receipts return required amendment to correct the opening capital allowances figure and to include amounts set aside for payment of housing debt (value £1.8m), which had been excluded from the return in error. ■ The Teachers’ Pensions form required amendment to correct rounding errors (value <£1). This was following a change to tiered contribution rates in 2012/13 and a requirement to present these on the EOYC return for the first time. This was a minor issue in what was a successful transition to tiered contributions, which has caused difficulties for other local authorities. 	Pages 4 – 5
The Council’s arrangements	<p>The Council has good arrangements for preparing its claims and returns and supporting our certification work with 1 minor improvement area identified:</p> <ul style="list-style-type: none"> ■ The Council should ensure the original signed claim forms are passed to the auditor when work commences. This is to ensure the working copy of the claim/return matches the claim/return we are certifying and ensures prompt despatch to the grant paying body upon completion of the work. 	Pages 4 – 5

Fees	The Audit Commission changed its fee regime for certifying grants and returns in 2012/13, and set an indicative fee for the Council of £35,950. Our actual fee for the certification of grants and returns is estimated at £37,975. The increased fee is a result of: <ul style="list-style-type: none"><li data-bbox="411 315 501 1823">■ additional work carried out on the Housing and Council Tax Benefit subsidy claim to assess the extent of errors identified in initial testing of non-HRA rent rebates cases was carried out by the Council. We planned to place reliance on this testing, however, re-performance of this work identified errors in the testing, which required us to re-test a sample of claims ourselves.	Page 6
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Overall, we certified 5 claims and returns:

- 2 were unqualified with no amendment;
- 2 were unqualified but required some amendment to the final figures; and
- 1 required a qualification to our audit certificate.

Detailed comments are provided overleaf.

Detailed below is a summary of the key outcomes from our certification work on the Council's 2012/13 claims and returns, showing where either audit amendments were made as a result of our work or where we had to qualify our audit certificate.

A qualification means that issues were identified concerning the Council's compliance with a scheme's requirements that could not be resolved through adjustment. In these circumstances, it is likely that the relevant grant paying body will require further information from the Council to satisfy itself that the full amounts of grant claimed are appropriate.

	Comments overleaf	Qualified certificate	Significant adjustment	Minor adjustment	Unqualified certificate
Housing & Council Tax Benefit	1				
Pooling of Housing Capital Receipts	2				
National Non Domestic Rates return					
Teachers' Pensions return	3				
Local Transport Plan: Major Projects					
		1	1	2	4

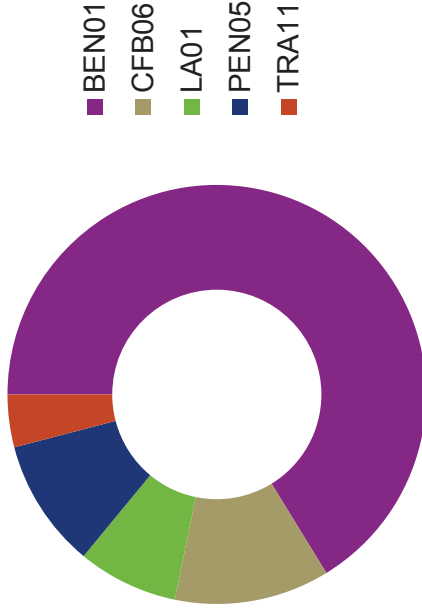
This table summarises the key issues behind each of the adjustments or qualifications that were identified on the previous page.

Ref	Summary observations	Amendment
<p>1</p> <p>Housing and Council Tax Benefit Subsidy claim</p> <ul style="list-style-type: none"> ■ Detailed testing of non-HRA rent rebate cases identified errors in the classification of the expenditure on the claim form. Further testing was carried out by the Council to assess the extent of the errors, however, re-performance of this work by KPMG identified mistakes in the further testing. We therefore had to carry out the testing ourselves, which has resulted in an increased fee application to the Audit Commission (Recommendation 1). ■ The impact of finding the errors was that the claim had to be qualified. An extrapolated error, based on the results of the initial and further testing, was included in the qualification letter. Should the DWP choose to apply the extrapolated errors to the subsidy entitlement, there would be a small reduction of £2k. ■ As in previous years, the claim was also qualified due to reconciliation differences between benefit paid per the claim form and benefit awarded per the benefits system. These differences are investigated by the Council to the point where it is uneconomical to allocate further resources to it. The differences (<£.1k) are considered minor in relation to the value of the claim and the Council continues to work with software providers Capita to resolve the issue (Prior year recommendation 1). ■ A small amendment was made to add an additional £5k to HRA rent rebates and £1k to Council Tax Benefit expenditure. 	<p style="text-align: right;">+£6k</p>	
<p>2</p> <p>Pooling of Housing Capital Receipts return</p> <ul style="list-style-type: none"> ■ Testing of the return identified 5 cells which required amendment. 4 of these amendments were required to correct the omission of amounts set aside for the payment of housing debt from the return. This totalled £1.8m. ■ This outcome follows several errors being identified during testing in both 2010/11 and 2011/12 which required amendment. ■ The Council should ensure that checks are in place to ensure the claim includes all required information (Prior year recommendation 2). 	<p style="text-align: right;">+£1.8m</p>	
<p>3</p> <p>Teachers' Pensions</p> <ul style="list-style-type: none"> ■ A change to the pension scheme in 2012/13 saw employee contributions tiered by salary. The Council had to adapt to this change by ensuring the payroll system could process the tiered contribution rates and report them accurately on the return. We are pleased to report that the Council adapted very well to the change and only minor amendments were required to correct rounding errors. 	<p style="text-align: right;">+£1</p>	

Our overall fee for the certification of claims and returns is estimated to be £37,975, which is £2,205 higher than the original estimated fee.

The Council can ensure it keeps within the original fee estimate by ensuring any further testing carried out by the benefits team is reliable.

Breakdown of certification fees 2012/13



The Audit Commission changed its fee regime for certifying claims and returns in 2012/13. It set an indicative fee for the Council of £35,950. Based on the actual work we carried out the actual fee we charged was higher than the indicative fee, subject to Audit Commission approval of the additional cost. The main reason for the fee exceeding the indicative fee was:

- We identified errors in the Housing & Council Tax Benefits claim and under the Commission's HBCOUNT approach, the Council carried out more detailed testing of benefit cases. However, re-performance of this work identified mistakes made in the testing and we therefore had to carry out the work ourselves.

We recommend the Council takes the following steps to improve its support for our certification work, which should help minimise certification fees in the future:

- Ensure any further testing is carried out by suitable officers and arrangements are put in place to check the testing prior to passing for audit review.

We have given each recommendation a risk rating and agreed what action management will need to take. We will follow up these recommendations during next year's audit.

Priority rating for recommendations						
Issue	Implication	Recommendation	Priority	Comment	Responsible officer and target date	
Housing & Council Tax Benefit Subsidy						
Further testing arrangements Quality assurance arrangements should be improved over further testing carried out by the Council.	Further fees have been incurred due to mistakes made in the Council's testing which meant we had to carry out the testing ourselves	1 Further testing should be carried out by suitable skilled officers and arrangements should be put in place to ensure mistakes are identified and addressed prior to passing to audit for re-performance.	2	Issues that have an important effect on your arrangements for managing grants and returns or complying with scheme requirements, but do not need immediate action. You may still meet scheme requirements in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.	It is accepted that should "further testing" be required in any area of the subsidy claim in future years, that this work will be internally reviewed before passing it back to the auditor. It should be noted that the issue that required the "further testing" to be undertaken has been addressed, and a process introduced for 2013/14 that should ensure there is no recurrence	Responsible officer: Compliance manager, Welfare & Benefits. Target date: For the 2013/14 subsidy return
General grant arrangements						
Signed claims/returns Original signed claims and returns should be passed to auditors upon commencement of the work.	Sign-off of some claims was delayed as we had to obtain the original signed claim form following completion of the work.	2 Upon commencement of the work, the grants file should include the original signed claim or return form.	3	Issues that would, if corrected, improve your arrangements for managing grants and returns or compliance with scheme requirements in general, but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.	Responsible Officer: Principal Accountant Corporate Financial Management. Target date: With immediate effect	

We made 2 recommendations in our 2011/12 Certification of Grants and Returns report. Where recommendations have not yet been implemented fully we have detailed their current status below.

Prior year recommendation		Priority	Status as at December 2013	Management comments
System errors				
1	<p>Housing & Council Tax Benefit subsidy claim – reconciliation process</p> <p>The Authority should review this reconciliation within the Capita system and endeavour to liaise with Capita in order to prevent this error from re-occurring.</p>	3	Qualification was again required due to the reconciling differences within HRA rent rebates and rent allowances. These differences were <£1k, which is not a significant value in relation to the value of the claim.	The imbalance of <£1k was part of a grant claim of £337m, and of the 4 reconciliations required within this value, two exactly reconciled Advice received from Capita, the software supplier, with regard to possible causes of imbalances has already been implemented for 2013/14, and should help towards the reconciliation process.
Procedural errors				
2	<p>Pooling of Housing Capital Receipts</p> <p>Quality assurance arrangements should be implemented to ensure that grant claim forms are complete and finalised prior to submission for certification. This will assist in the delivery of an efficient certification process.</p>	3	Amendments were required to correct information recorded incorrectly in the return and to correct information missed out entirely, suggesting quality assurance arrangement still require implementing	System improvements have allowed costs to be more accurately recorded against individual properties. As the claim allows costs over the last 3 years to be offset against the capital receipts, officers have been reviewing such costs to improve the accuracy of the return. Further quality assurance to be implemented.



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Report of the Director of Resources

Report to Corporate Governance and Audit Committee

Date: 21st January 2014

Subject: KPMG External Audit Plan 2013/14

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. In order to discharge its statutory duties, KPMG has issued an audit plan which covers both the Council's 2013/14 accounts and the process for assessing the Authority's arrangements to secure value for money in the use of resources. The attached report identifies the key stages of the audit, the planned timetable and the key risks identified.

Recommendations

2. Members of the Corporate Governance and Audit Committee are asked to agree the nature and scope of the external audit plan.

1 Purpose of this report

- 1.1 To inform members of KPMG's audit plan for the audit of the Council's accounts and Value for Money arrangements. The attached report from KPMG highlights the risk based approach to the audit and the main risks they have identified for 2013/14.

2 Background information

- 2.1 KPMG's statutory responsibilities and powers are set out in the Audit Commission Act 1998, The Local Government Act 1999 and the Audit Commission's Code of Audit Practice. As the Council's external auditors, KPMG are required to satisfy themselves that the Council's accounts comply with statutory requirements and that they have been compiled according to proper practices. In addition they are also

required to conclude as to whether the Council has arrangements in place for securing economy, efficiency and effectiveness in the use of resources.

3 Main issues

3.1 The attached report from KPMG identifies the four key stages for the audit of the Council's financial statements:

- Planning,
- Evaluation of controls (Interim Audit),
- Substantive testing,
- Finalisation (audit opinion and reporting the main findings).

Any findings from the interim audit will, if significant, be the subject of a separate report to this Committee in June. The main audit work (substantive testing) is timetabled for July and August, with the resulting audit opinion and findings due to be reported back to this Committee in September.

3.2 In respect of the Council's Value for Money arrangements, KPMG will structure their approach around two key criteria:

- The Council has proper arrangements in place for securing financial resilience,
- The Council has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

3.3 The main risk identified in KPMG's overall audit plan is whether the Council can achieve the savings target and the potential impact of our contingent liabilities.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 The audit plan does not raise any issues requiring consultation or engagement with the public, Ward members or Councillors.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 This report does not highlight any issues regarding equality, diversity, cohesion and integration.

4.3 Council Policies and City Priorities

4.3.1 Under the Committee's terms of reference members are required to agree the nature and scope of the external audit plan.

4.4 Resources and Value for Money

4.4.1 The report highlights the auditor's approach to assessing whether the Council has proper arrangements for securing value for money.

4.5 Legal Implications, Access to Information and Call In

4.5.1 The report by KPMG outlines how they propose to discharge their responsibilities as defined by the Audit Commission Act 1998, The Local Government Act 1999 and the Audit Commission's Code of Audit Practice.

4.6 Risk Management

- 4.6.1 The risks identified in the KPMG audit plan are recognised within the Council's risk register and incorporated into the level of the Council's risk based reserves.

5 Conclusions in relation to the financial statements

- 5.1 KPMG have provided the Council with a plan for discharging their responsibilities in respect of the external audit of the Council's 2013/14 accounts and for assessing the Council's arrangements for securing value for money. They have also identified what they see as the main risks.
- 5.2 KPMG will inform this Committee in June if there are any significant issues arising from their interim audit. They will then report on their final VFM conclusion and the opinion on the accounts to this Committee in September.

6 Recommendations

- 6.1 Members are asked to agree the nature and scope of the external audit plan.

7 Background documents¹

- 7.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

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External Audit Plan 2013/14

Leeds City Council

December 2013



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- Audit team, deliverables, timeline and fees 16

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies*. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document which is available on the Audit Commission's website at www.audit-commission.gsi.gov.uk.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact John Prentice, the appointed engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk, who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager by email to complaints@audit-commission.gsi.gov.uk.

This document describes how we will deliver our audit work for Leeds City Council.

Scope of this report

This document supplements our *Audit Fee Letter 2013/14* and describes how we will deliver our financial statements audit work for Leeds City Council ('the Authority'). It also sets out our approach to value for money (VFM) work for 2013/14.

We are required to satisfy ourselves that your accounts comply with statutory requirements and that proper practices have been observed in compiling them. We use a risk based audit approach.

The audit planning process and risk assessment is an on-going process and the assessment and fees in this plan will be kept under review and updated if necessary.

Statutory responsibilities

Our statutory responsibilities and powers are set out in the *Audit Commission Act 1998*, the *Local Government Act 1999* and the Audit Commission's *Code of Audit Practice*.

The *Code of Audit Practice* summarises our responsibilities into two objectives, requiring us to review and report on your:

- *financial statements (including the Annual Governance Statement):* providing an opinion on your accounts; and
- *use of resources:* concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the value for money conclusion).

The Audit Commission's *Statement of Responsibilities of Auditors and Audited Bodies* sets out the respective responsibilities of the auditor and the Authority.

Structure of this report

This report is structured as follows:

- Section 2 includes our headline messages, focusing on the key risks identified this year for the financial statements audit.
- Section 3 describes the approach we take for the audit of the financial statements.
- Section 4 explains our approach to VFM work.
- Section 5 provides further detail on the key VFM focus areas.
- Section 6 provides information on the audit team, our proposed deliverables, the timescales and fees for our work.

Acknowledgements

We would like to take this opportunity to thank officers and Members for their continuing help and co-operation throughout our audit work.

In 2012/13, the Authority included a provision for £2m in relation to a legal case which is expected to be resolved in 2013/14.

A focus area of the 2013/14 financial statements audit will be the consideration of provisions and contingent liabilities held by the Authority, especially in relation to legal claims.

We will consider the accuracy and completeness of your disclosures.

At this stage, we have not identified any significant audit risks relating to the financial statements.

Area	Risk	Audit work
<p>Provisions and contingent liabilities</p>	<p>The Authority had £32m of provisions as at 31 March 2013, with equal pay compensation (£15m) and insurance liabilities (£13m) the most significant of these.</p> <p>There was also a significant amount of contingent liabilities disclosed, with insurance claims of £30m being the most significant.</p> <p>The judgement between whether the Authority should recognise a liability as a provision, or whether it should remain as a contingent liability, which is purely a disclosure item, is an area of judgement and therefore of higher inherent audit risk.</p> <p>In 2012/13, there was a post-balance sheet event relating to one contingent liability that meant the Authority recognised a provision of £2m in its final audited financial statements.</p>	<p>We will discuss any developments on existing provisions and contingent liabilities and review the impact on the liabilities in the financial statements.</p> <p>We will also enquire as to whether there are any additional events that meet the characteristics of a contingent liability or provision, in particular in relation to any litigation or claims brought against the Authority.</p> <p>We will monitor the latest position through to when we sign our audit opinion and, where necessary, request specific management representations on these balances, where uncertainty remains.</p>

As in 2012/13, we have identified one key focus area of our work on VFM in 2013/14, which relates to the Authority's financial standing and savings plans.

This is described in more detail on pages 13 and 14.

The remainder of this document provides information on our:

- approach to the audit of the financial statements;
- approach to VFM work; and
- audit team, proposed deliverables, timescales and fees for our work.

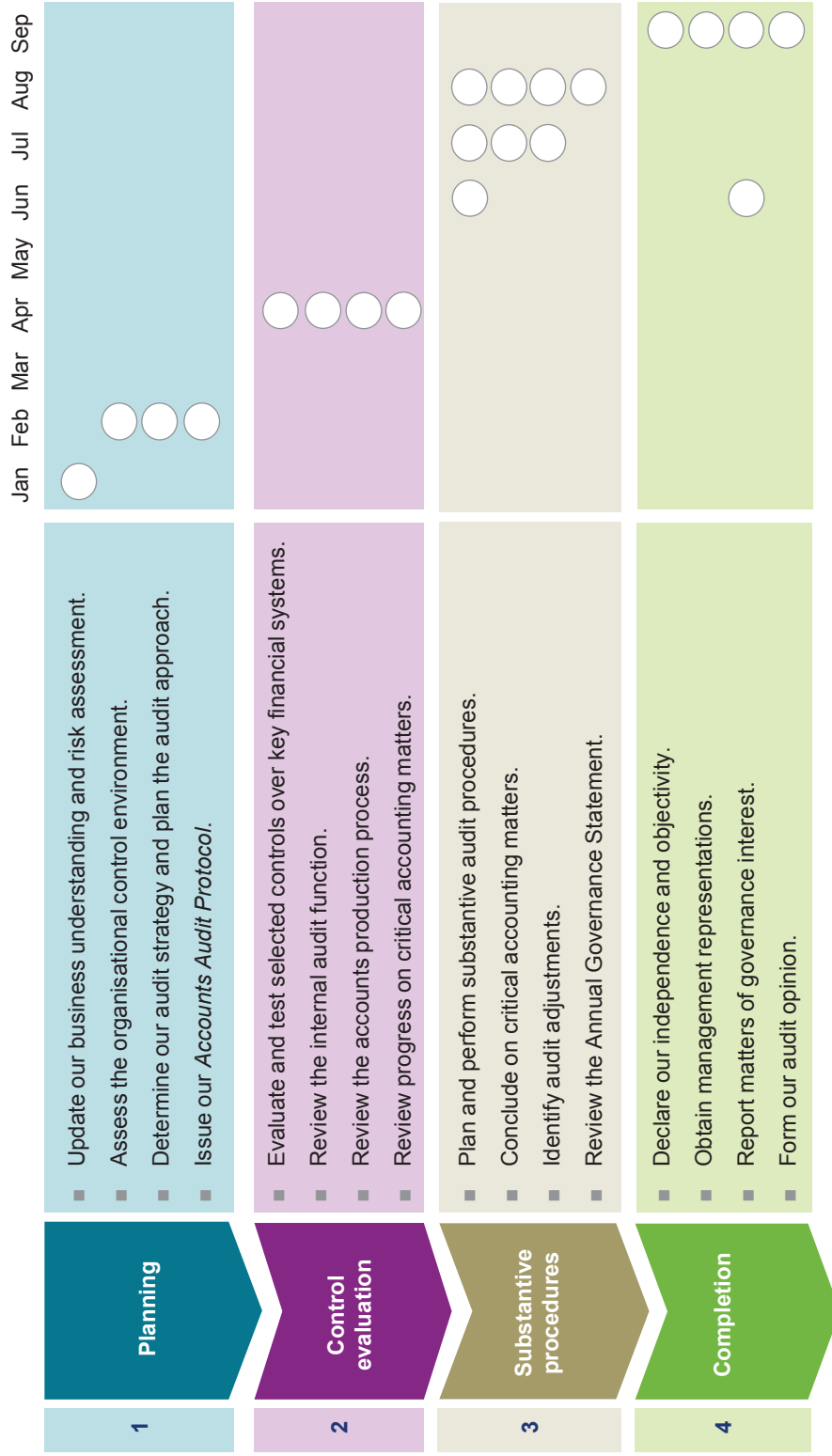
Area	Risk	Audit work
Savings plans	<p>The Authority set a budget for 2013/14 with a requirement to make further savings of £51 million due to reduced funding and continued cost pressures. This includes a net reduction in staffing equivalent to 388 full-time equivalent posts by the end of 2013/14.</p> <p>The Authority will need to establish and manage its savings plans to secure longer term financial and operational sustainability and ensure that any related liabilities are accounted for in its 2013/14 financial statements as appropriate.</p>	<p>As part of our approach to VFM we will critically assess the controls the Authority has in place to ensure a sound financial standing. We will consider how the Authority is managing its savings plans and will review key performance indicators to assess whether this has had an unintended adverse impact on service delivery.</p> <p>We will also review the latest update to the Strategic and Financial Plan 2013/14 to 2016/17 to ensure it appropriately reflects expected funding reductions and the consequences for service provision.</p>

Section three Our audit approach

We undertake our work on your financial statements in four key stages during 2014:

- **Planning**
(January to February).
- **Control Evaluation**
(April).
- **Substantive Procedures**
(July to August).
- **Completion** (September).

We have summarised the four key stages of our financial statements audit process for you below:



Section three Our audit approach - planning

During January and February 2014 we complete our planning work.

We assess the key risks affecting the Authority's financial statements and discuss these with officers.

We assess if there are any weaknesses in respect of central processes, including the Authority's IT systems, that would impact on our audit.

We determine our audit strategy and approach, and agree a protocol for the accounts audit, specifying what evidence we expect from the Authority to support the financial statements.

Our planning work takes place in January and February 2014. This involves the following aspects:

Planning

- Update our business understanding and risk assessment.
- Assess the organisational control environment.
- Determine our audit strategy and plan the audit approach.
- Issue our *Accounts Audit Protocol*

Business understanding and risk assessment

We update our understanding of the Authority's operations and identify any areas that will require particular attention during our audit of the Authority's financial statements.

We identify the key risks affecting the Authority's financial statements. These are based on our knowledge of the Authority, our sector experience and our ongoing dialogue with Authority staff. The risks identified to date are set out in this document. Our audit strategy and plan will, however, remain flexible as the risks and issues change throughout the year. It is the Authority's responsibility to adequately address these issues. We encourage the Authority to raise any technical issues with us as early as possible so that we can agree the accounting treatment in advance of the audit visit.

We meet with the finance team on a regular basis to consider issues and how they are addressed during the financial year end closedown and accounts preparation.

Organisational control environment

Controls operated at an organisational level often have an impact on controls at an operational level and if there were weaknesses this would impact on our audit. In particular risk management, internal control and ethics and conduct have implications for our financial statements audit. The scope of the work of your internal auditors also informs our risk assessment.

The Authority relies on information technology (IT) to support both financial reporting and internal control processes. In order to satisfy ourselves that we can rely on the use of IT, we test controls over access to systems and data, system changes, system development and computer operations. Whilst we may undertake some general IT controls work, we also focus on testing the specific applications and reports that are pivotal to the production of the financial statements.

Audit strategy and approach

The Engagement Lead sets the overall direction of the audit and decides the nature and extent of audit activities.

We design audit procedures in response to the risk that the financial statements are materially misstated. The materiality level is a matter of judgement and is set by the Engagement Lead.

Group audit

Following the decision to bring the housing ALMOs back in-house in 2013/14, we will liaise with BDO, the auditors of the ALMOs to ensure that the group accounts correctly reflect the closing balance sheet position of the companies.

Accounts audit protocol

At the end of our planning work we will issue our Accounts Audit Protocol. This important document sets out our audit approach and timetable. It also summarises the working papers and other evidence we require the Authority to provide during our interim and final accounts visits.

We have arranged to meet with the finance team to discuss mutual learning points from the 2012/13 audit. These will be incorporated into our work plan for 2013/14. We will revisit progress against areas identified for development as the audit progresses.

Section three

Our audit approach – control evaluation

During April 2014 we will complete our interim audit work.

We assess if controls over key financial systems were effective during 2013/14. We work with your Internal Audit team to avoid duplication.

We work with your finance team to enhance the efficiency of the accounts audit.

We will present our *Interim Report* to the Corporate Governance and Audit Committee in July.

Our interim visit on site will be completed during April. During this time we will complete work in the following areas:

Control Evaluation

- Evaluate and test controls over key financial systems identified as part of our risk assessment.
- Review the work undertaken by the internal audit function on controls relevant to our risk assessment.
- Review the accounts production process.
- Review progress on critical accounting matters.

Review of internal audit

Where we intend to rely on internal audit's work in respect of the key financial systems identified as part of our risk assessment, auditing standards require us to review aspects of their work. This includes re-performing a sample of tests completed by internal audit. We will provide detailed feedback to the Head of Internal Audit at the end of our interim visit.

We also use the results of internal audit's work to inform our risk assessment.

Accounts production process

As highlighted in our *Report to Those Charged with Governance (ISA 260 Report) 2012/13*, the quality of the accounts and supporting working papers has historically been strong and officers dealt efficiently with our audit queries.

We will assess the Authority's progress in preparing for the closedown and accounts preparation for 2013/14.

Critical accounting matters

We will discuss the work completed to address the specific risks we identified at the planning stage. Wherever possible, we seek to review relevant workings and evidence and agree the accounting treatment as part of our interim work.

Following our interim visit we will issue our *Interim Report* which will set out the findings of our planning and interim work. This will be discussed at the Corporate Governance and Audit Committee meeting in July.

Controls over key financial systems

We update our understanding of the Authority's key financial processes where our risk assessment has identified that these are relevant to our final accounts audit and where we have determined that this is the most efficient audit approach to take. We confirm our understanding by completing walkthroughs for these systems. We then test selected controls that address key risks within these systems. The strength of the control framework informs the substantive testing we complete during our final accounts visit.

Where our audit approach is to undertake controls work on financial systems, we seek to rely on any relevant work Internal Audit have completed to minimise unnecessary duplication of work. Our audit fee is set on the assumption that we can place reliance on their work. We meet with Internal Audit regularly during the year to discuss progress against our respective audit plans. We met with Internal Audit in October 2013 to discuss the principles and timetable for the managed audit process for 2013/14.

Our audit approach – substantive procedures

During July and August 2014 we will be on site for our substantive work.

We complete detailed testing of accounts and disclosures and conclude on critical accounting matters, such as specific risk areas. We then agree any audit adjustments required to the financial statements.

We also review the Annual Governance Statement for consistency with our understanding.

We will present our *ISA 260 Report to the Corporate Governance and Audit Committee in September 2014*.

Our final accounts visit on site has been scheduled for the period July to August 2014. During this time, we will complete the following work:

Substantive Procedures

- Plan and perform substantive audit procedures.
- Conclude on critical accounting matters.
- Identify and assess any audit adjustments.
- Review the Annual Governance Statement.

At the end of our on site work, we will hold a closure meeting, where we will provide a schedule of audit differences and agree a timetable for the completion stage and the accounts sign off.

To comply with auditing standards, we are required to report uncorrected audit differences to the Corporate Governance and Audit Committee. We also report any material misstatements which have been corrected and which we believe should be communicated to you to help you meet your governance responsibilities.

Annual Governance Statement

We are also required to satisfy ourselves that your Annual Governance Statement complies with the applicable framework and is consistent with our understanding of your operations. Our review of the work of internal audit and consideration of your risk management and governance arrangements are key to this.

We report the findings of our final accounts work in our *ISA 260 Report*, which we will issue to the Corporate Governance and Audit Committee in September 2014.

Substantive audit procedures

We complete detailed testing on significant balances and disclosures. The extent of our work is determined by the Engagement Lead based on various factors such as our overall assessment of the Authority's control environment, the effectiveness of controls over individual systems and the management of specific risk factors.

Critical accounting matters

We conclude our testing of the key risk areas as identified at the planning stage and any additional issues that may have emerged since. We will discuss our early findings of the Authority's approach to address the key risk areas with the finance team in August 2014, prior to reporting to the Corporate Governance and Audit Committee in September 2014.

Audit adjustments

During our on site work, we will meet with the finance team on a weekly basis to discuss the progress of the audit, any differences found and any other issues emerging.

In addition to the financial statements, we also audit the Authority's Whole of Government Accounts pack.

We may need to undertake additional work if we receive objections to the accounts from local electors.

We will communicate with you throughout the year, both formally and informally.

Our independence and objectivity responsibilities under the Code are summarised in Appendix 1.

We confirm our audit team's independence and objectivity is not impaired.

Whole of government accounts (WGA)

We are required to review and issue an opinion on your WGA consolidation to confirm that this is consistent with your financial statements. The audit approach has been agreed with HM Treasury and the National Audit Office.

Electoral challenge

The Audit Commission Act 1998 gives electors certain rights. These are:

- the right to inspect the accounts;
- the right to ask the auditor questions about the accounts; and
- the right to object to the accounts.

As a result of these rights, in particular the right to object to the accounts, we may need to undertake additional work to form our decision on the elector's objection. The additional work could range from a small piece of work where we interview an officer and review evidence to form our decision, to a more detailed piece of work, where we have to interview a range of officers, review significant amounts of evidence and seek legal representations on the issues raised.

The costs incurred in responding to questions or objections raised by electors are not covered by the set fee. Any work required will be charged in accordance with the Audit Commission's fee scales.

Reporting and communication

Reporting is a key part of the audit process, not only in communicating the audit findings for the year, but also in ensuring the audit team are accountable to you in addressing the issues identified as part of the audit strategy. Throughout the year we will communicate with you through meetings with the finance team and the Corporate Governance and Audit Committee. Our deliverables are included on page 16.

Independence and objectivity confirmation

Professional standards require auditors to communicate to those charged with governance, at least annually, all relationships that may bear on the firm's independence and the objectivity of the audit engagement partner and audit staff. The standards also place requirements on auditors in relation to integrity, objectivity and independence.

The standards define 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case this is the Corporate Governance and Audit Committee.

KPMG LLP is committed to being and being seen to be independent. APB Ethical Standard 1 Integrity, Objectivity and Independence requires us to communicate to you in writing all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place which, in our professional judgement, may reasonably be thought to bear on KPMG LLP's independence and the objectivity of the Engagement Lead and the audit team.

Confirmation statement

We confirm that as of January 2014 in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Engagement Lead and audit team is not impaired.

Our approach to VFM work follows guidance provided by the Audit Commission.

Background to approach to VFM work

In meeting their statutory responsibilities relating to economy, efficiency and effectiveness, the Commission's *Code of Audit Practice* requires auditors to:

- plan their work based on consideration of the significant risks of giving a wrong conclusion (audit risk); and
- carry out only as much work as is appropriate to enable them to give a safe VFM conclusion.

To provide stability for auditors and audited bodies, the Audit Commission has kept the VFM audit methodology unchanged from last year. There are only relatively minor amendments to reflect the key issues facing the local government sector.

The approach is structured under two themes, as summarised below.

Specified criteria for VFM conclusion	Focus of the criteria	Sub-sections
The organisation has proper arrangements in place for securing financial resilience .	The organisation has robust systems and processes to: <ul style="list-style-type: none"> ■ manage effectively financial risks and opportunities; and ■ secure a stable financial position that enables it to continue to operate for the foreseeable future. 	<ul style="list-style-type: none"> ■ Financial governance ■ Financial planning ■ Financial control
The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness .	The organisation is prioritising its resources within tighter budgets, for example by: <ul style="list-style-type: none"> ■ achieving cost reductions; and ■ improving efficiency and productivity. 	<ul style="list-style-type: none"> ■ Prioritising resources ■ Improving efficiency and productivity

Section four VFM audit approach (continued)

We will follow a risk based approach to target audit effort on the areas of greatest audit risk.

Overview of the VFM audit approach

The key elements of the VFM audit approach are summarised below.



Each of these stages are summarised further below.

VFM audit stage	Audit approach
VFM audit risk assessment	<p>We consider the relevance and significance of the potential business risks faced by all local authorities, and other risks that apply specifically to the Authority. These are the significant operational and financial risks in achieving statutory functions and objectives, which are relevant to auditors' responsibilities under the <i>Code of Audit Practice</i>.</p> <p>In doing so we consider:</p> <ul style="list-style-type: none"> the Authority's own assessment of the risks it faces, and its arrangements to manage and address its risks; information from the Audit Commission's VFM profile tool and financial ratios tool; evidence gained from previous audit work, including the response to that work; and the work of the Audit Commission, other inspectorates and review agencies.

Our VFM audit will draw heavily on other audit work which is relevant to our VFM responsibilities and the results of last year's VFM audit. We will then form an assessment of residual audit risk to identify if there are any areas where more detailed VFM audit work is required.

VFM audit stage	Audit approach
<p>Links with financial statements and other audit work</p>	<p>There is a degree of overlap between the work we do as part of the VFM audit and our financial statements audit. For example, our financial statements audit includes an assessment and testing of the Authority's organisational control environment, including the Authority's financial management and governance arrangements, many aspects of which are relevant to our VFM audit responsibilities. We have always sought to avoid duplication of audit effort by integrating our financial statements and VFM work, and this will continue. We will therefore draw upon relevant aspects of our financial statements audit work to inform the VFM audit.</p>
<p>Assessment of residual audit risk</p>	<p>It is possible that further audit work may be necessary in some areas to ensure sufficient coverage of the two VFM criteria. Such work may involve interviews with relevant officers and / or the review of documents such as policies, plans and minutes. We may also refer to any self assessment the Authority may prepare against the characteristics. To inform any further work we must draw together an assessment of residual audit risk, taking account of the work undertaken already. This will identify those areas requiring further specific audit work to inform the VFM conclusion. At this stage it is not possible to indicate the number or type of residual audit risks that might require additional audit work, and therefore the overall scale of work cannot be easily predicted. If a significant amount of work is necessary then we will need to review the adequacy of our agreed audit fee.</p>
<p>Identification of specific VFM audit work</p>	<p>If we identify residual audit risks, then we will highlight the risk to the Authority and consider the most appropriate audit response in each case, including:</p> <ul style="list-style-type: none"> ■ considering the results of work by the Authority, the Audit Commission, other inspectorates and review agencies; and ■ carrying out local risk-based work to form a view on the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Where relevant, we may draw upon the range of audit tools and review guides developed by the Audit Commission.

We will report on the results of the VFM audit through our *Interim Audit Report* and our *Report to those charged with governance*.

VFM audit stage	Audit approach
<p>Delivery of local risk based work</p>	<p>Depending on the nature of the residual audit risk identified, we may be able to draw on audit tools and sources of guidance when undertaking specific local risk-based audit work, such as:</p> <ul style="list-style-type: none"> ■ local savings review guides based on selected previous Audit Commission national studies; and ■ update briefings for previous Audit Commission studies. <p>The tools and guides will support our work where we have identified a local risk that is relevant to them. For any residual audit risks that relate to issues not covered by one of these tools, we will develop an appropriate audit approach drawing on the detailed VFM guidance and other sources of information.</p>
<p>Concluding on VFM arrangements</p>	<p>At the conclusion of the VFM audit we will consider the results of the work undertaken and assess the assurance obtained against each of the VFM themes regarding the adequacy of the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources.</p> <p>If any issues are identified that may be significant to this assessment, and in particular if there are issues that indicate we may need to consider qualifying our VFM conclusion, we will discuss these with management as soon as possible. Such issues will also be considered more widely as part of KPMG's quality control processes, to help ensure the consistency of auditors' decisions.</p>
<p>Reporting</p>	<p>We will report on the results of the VFM audit through our <i>Interim Audit Report</i> and our <i>Report to those charged with governance</i>. These reports will summarise our progress in delivering the VFM audit, the results of the risk assessment and any specific matters arising, and the basis for our overall conclusion.</p> <p>The key output from the work will be the VFM conclusion (i.e. our opinion on the Authority's arrangements for securing VFM), which forms part of our audit report.</p>

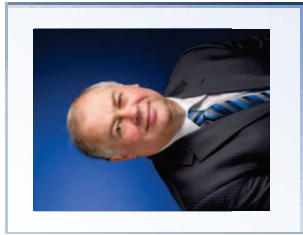
For each key focus area we have outlined the impact on our VFM approach.

We will provide an update on how the Authority is managing this area in our *Interim Audit Report*.

Focus area	Impact on audit
<div style="text-align: center;"> </div>	<p>The 2013/14 budget includes a savings programme totalling £51 million. Although the majority of the planned savings are on track to be delivered at this stage, there is still some risk that these will not be achieved in full. All directorates are continuing to monitor their financial performance closely and are aware of the need to deliver a balanced budget.</p> <p>As at September 2013, an overall overspend of £3.2m was forecast, which means the Authority still has further savings to achieve in order to meet its 2013/14 budget. The main areas of overspend are within Childrens' Services (£2.1m), City Development (£1.1m) and Adult Social Care (£1m). This is offset by forecast underspends on debt costs of £1.2m.</p> <p>Childrens' Services main area of overspend is on transport costs (£2.4m). The service also expects to have a shortfall in income of £2.9m, mainly due to underspends in areas which receive match funding. Underspends on staff costs total £4m, due to vacant posts within the directorate.</p> <p>A shortfall in income is the main contributing factor of City Development's projected £1.1m overspend, with Sports & Active Recreation (£0.7m), Libraries, Arts & Heritage (£0.3m) and Asset Management (£0.2m) all reporting shortfalls. A further £0.5m overspend is forecast due to staff costs pressures within Planning and Sustainable Development, although savings on staff costs within Resources and Strategy are expected to offset this.</p> <p>Within Adult Social Care, the directorate is forecasting overspends on community care packages of £2.2m. Although residential care and personal budget expenditure is lower than expected, home care expenditure has seen a marked increase in year which is being monitored. Other areas of overspend include transports costs (£0.7m) and staff costs (£0.7m). The overall overspend is reduced by a transfer of £1.8m from earmarked reserves with the intention of re-designing Adult Social Care services.</p> <p>As part of our approach to VFM we will consider how the Authority is managing its savings plans and we will review key performance indicators to assess whether this has had an unintended adverse impact on service delivery.</p> <p>As part of our final accounts audit we will review the Authority's assessment of any potential liabilities arising from its savings plans (for example as a result of the Early Leavers' Initiative) against the Code. If applicable, we will review the Authority's provisions, including the methodology, assumptions and calculations.</p> <p>We will assess the level of reserves available at 31st March 2014 against the Authority's reserves policy, taking into account any contingent liabilities which could have a significant impact on the Authority's financial standing if they were to crystallise.</p>

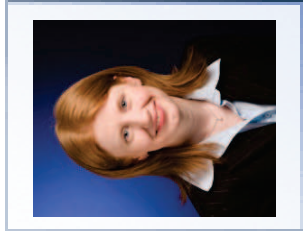
Our audit team has had some changes since last year. Contact details are shown on page 1.

The audit team will be assisted by other KPMG specialists as necessary.



John Prentice
Director

"My role is to lead our team and ensure the delivery of a high quality external audit opinion. I will be the main point of contact for the Corporate Governance and Audit Committee, the Chief Executive and Director of Resources."



Alison Ormston
Senior Manager

"I will direct and coordinate the audit. I am responsible for the management, review and delivery of the whole audit and providing quality assurance for any technical accounting areas. I will liaise with the Director of Resources, the Principal Accountant within Corporate Financial Management and the Head of Internal Audit."



Chris Hall
Assistant Manager

"I will be responsible for the on-site delivery of our work. I will liaise with the Senior Financial Manager within Corporate Financial Management and the Principal Audit Manager within Internal Audit. I will also supervise the work of our audit assistants."

At the end of each stage of our audit we issue certain deliverables, including reports and opinions. Our key deliverables will be delivered to a high standard and on time. We will discuss and agree each report with the Authority's officers prior to publication.

Deliverable	Purpose	Committee dates
Planning		
External Audit Plan	<ul style="list-style-type: none"> Outline audit approach. Identify areas of audit focus and planned procedures. 	21 January 2014
Control evaluation		
Interim Report (if necessary)	<ul style="list-style-type: none"> Details and resolution of control and process issues. Identify improvements required prior to the issue of the draft financial statements and the year-end audit. 	July 2014
Substantive procedures		
Report to Those Charged with Governance (ISA 260 Report)	<ul style="list-style-type: none"> Details the resolution of key audit issues. Communication of adjusted and unadjusted audit differences. Performance improvement recommendations identified during our audit. Commentary on the Authority's value for money arrangements. 	September 2014
Completion		
Auditor's report	<ul style="list-style-type: none"> Providing an opinion on your accounts (including the Annual Governance Statement). Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the VFM conclusion). 	September 2014
Annual Audit Letter	<ul style="list-style-type: none"> Summarises the outcomes and the key issues arising from our audit work for the year. 	January 2015

We will be in continuous dialogue with you throughout the audit.

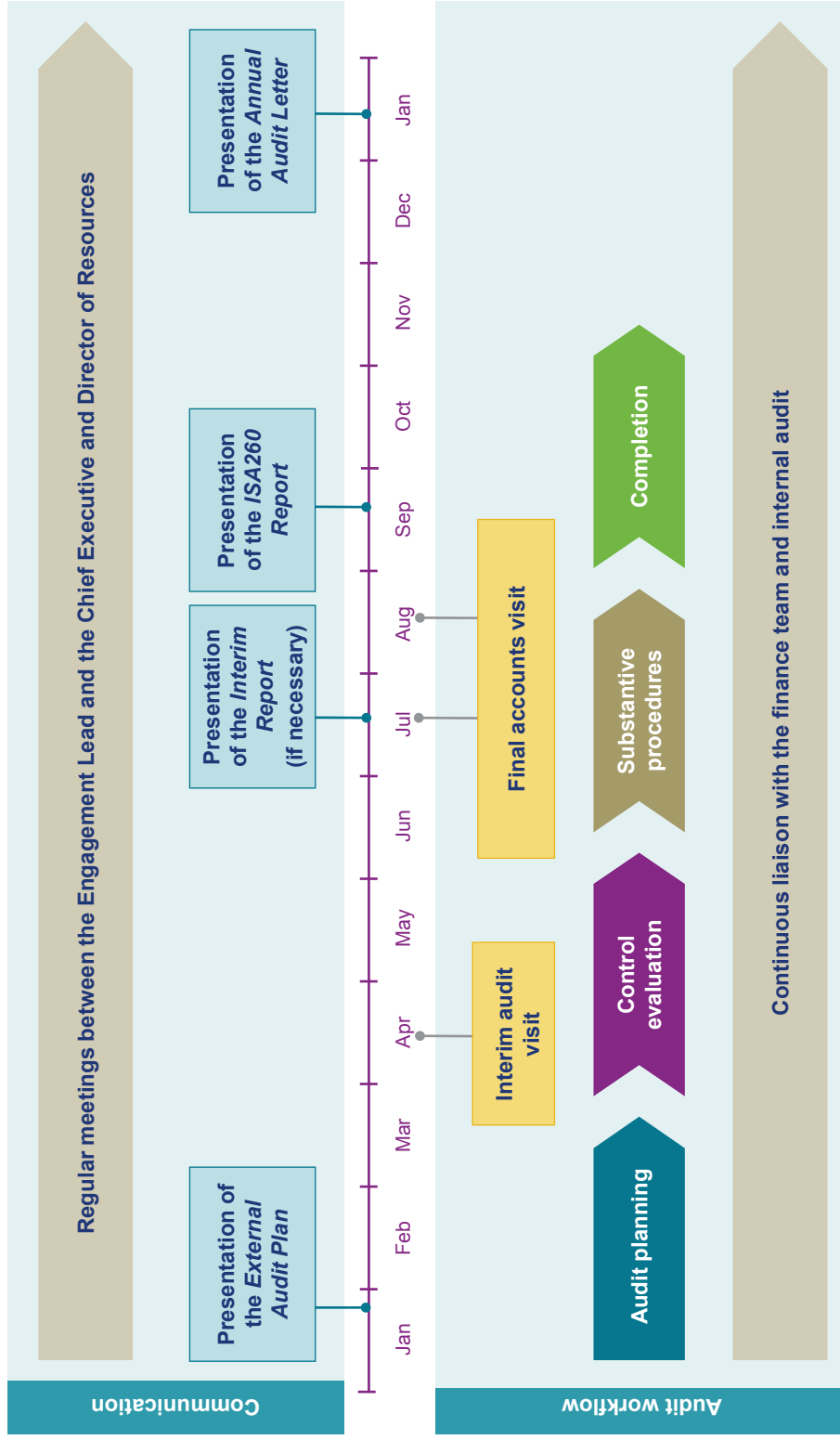
Key formal interactions with the Corporate Governance and Audit Committee are:

- January – Financial Statements Audit Plan;
- July – Interim Report;
- September – ISA 260 Report;
- January – Annual Audit Letter.

We work with the finance team and internal audit throughout the year.

Our main work on site will be our:

- Interim audit visit during April.
- Final accounts audit during July and August.



Key: ● Corporate Governance and Audit Committee meetings.

The scale fee for the 2013/14 audit of the Authority is £307,800. The fee has not changed from that set out in our *Audit Fee Letter 2013/14* issued in April 2013.

Our audit fee remains indicative and based on you meeting our expectations of your support.

Meeting these expectations will help the delivery of our audit within the proposed audit fee.

Audit fee

Our *Audit Fee Letter 2013/14* presented to you in April 2013 first set out our fees for the 2013/14 audit. We have not considered it necessary to make any changes to the agreed fees at this stage.

Element of the audit	2013/14 (planned)	2012/13 (actual)
Gross audit fee	£307,800	£307,800

Our audit fee includes our work on the VFM conclusion and our audit of the Council's financial statements. The fee for 2013/14 is the same as the 2012/13 fee.

Audit fee assumptions

The fee is based on a number of assumptions, including that you will provide us with complete and materially accurate financial statements, with good quality supporting working papers, within agreed timeframes. It is imperative that you achieve this. If this is not the case and we have to complete more work than was envisaged, we will need to charge additional fees for this work. In setting the fee, we have assumed:

- the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2012/13;
- you will inform us of any significant developments impacting on our audit;
- you will identify and implement any changes required under the *CIPFA Code of Practice on Local Authority Accounting in the UK 2013/14* within your 2013/14 financial statements;
- you will comply with the expectations set out in our *Accounts Audit Protocol*, including:
 - the financial statements are made available for audit in line with the agreed timescales;
 - good quality working papers and records will be provided at the start of the final accounts audit;

- requested information will be provided within the agreed timescales;
- prompt responses will be provided to queries and draft reports;
- internal audit meets appropriate professional standards;
- internal audit adheres to our agreed work programme and completes appropriate work on all systems that provide material figures for the financial statements and we can place reliance on them for our audit; and
- additional work will not be required to address questions or objections raised by local government electors.

Meeting these expectations will help ensure the delivery of our audit within the agreed audit fee.

The Audit Commission requires us to inform you of specific actions you could take to keep the audit fee low. Future audit fees can be kept to a minimum if the Authority achieves an efficient and well-controlled financial closedown and accounts production process which complies with good practice and appropriately addresses new accounting developments and risk areas.

Changes to the audit plan

Changes to this plan and the audit fee may be necessary if:

- new significant audit risks emerge;
- additional work is required of us by the Audit Commission or other regulators; and
- additional work is required as a result of changes in legislation, professional standards or financial reporting requirements.

If changes to this plan and the audit fee are required, we will discuss and agree these initially with the Director of Resources.

Appendix 1: Independence and objectivity requirements

This appendix summarises auditors' responsibilities regarding independence and objectivity.

Independence and objectivity

Auditors are required by the Code to:

- carry out their work with independence and objectivity;
- exercise their professional judgement and act independently of both the Commission and the audited body;
- maintain an objective attitude at all times and not act in any way that might give rise to, or be perceived to give rise to, a conflict of interest; and
- resist any improper attempt to influence their judgement in the conduct of the audit.

In addition, the Code specifies that auditors should not carry out work for an audited body that does not relate directly to the discharge of the auditors' functions under the Code. If the Authority invites us to carry out risk-based work in a particular area, which cannot otherwise be justified to support our audit conclusions, it will be clearly differentiated as work carried out under section 35 of the Audit Commission Act 1998.

The Code also states that the Commission issues guidance under its powers to appoint auditors and to determine their terms of appointment. The Standing Guidance for Auditors includes several references to arrangements designed to support and reinforce the requirements relating to independence, which auditors must comply with. These are as follows:

- Any staff involved on Commission work who wish to engage in political activity should obtain prior approval from the Partner.
- Audit staff are expected not to accept appointments as lay school inspectors.
- Firms are expected not to risk damaging working relationships by bidding for work within an audited body's area in direct competition with the body's own staff without having discussed and agreed a local protocol with the body concerned.

- Auditors are expected to comply with the Commission's statements on firms not providing personal financial or tax advice to certain senior individuals at their audited bodies, auditors' conflicts of interest in relation to PFI procurement at audited bodies, and disposal of consultancy practices and auditors' independence.
- Auditors appointed by the Commission should not accept engagements which involve commenting on the performance of other Commission auditors on Commission work without first consulting the Commission.
- Auditors are expected to comply with the Commission's policy for the Engagement Lead to be changed on each audit at least once every five years (subject to agreed transitional arrangements).
- Audit suppliers are required to obtain the Commission's written approval prior to changing any Engagement Lead in respect of each audited body.
- The Commission must be notified of any change of second in command within one month of making the change. Where a new Engagement Lead or second in command has not previously undertaken audits under the Audit Commission Act 1998 or has not previously worked for the audit supplier, the audit supplier is required to provide brief details of the individual's relevant qualifications, skills and experience.

Appendix 2: KPMG Audit Quality Framework

We continually focus on delivering a high quality audit.

This means building robust quality control procedures into the core audit process rather than bolting them on at the end, and embedding the right attitude and approaches into management and staff.

KPMG's Audit Quality Framework consists of seven key drivers combined with the commitment of each individual in KPMG.

The diagram summarises our approach and each level is expanded upon.

At KPMG we consider audit quality is not just about reaching the right opinion, but how we reach that opinion. KPMG views the outcome of a quality audit as the delivery of an appropriate and independent opinion in compliance with the auditing standards. It is about the processes, thought and integrity behind the audit report. This means, above all, being independent, compliant with our legal and professional requirements, and offering insight and impartial advice to you, our client.

KPMG's Audit Quality Framework consists of seven key drivers combined with the commitment of each individual in KPMG. We use our seven drivers of audit quality to articulate what audit quality means to KPMG. We believe it is important to be transparent about the processes that sit behind a KPMG audit report, so you can have absolute confidence in us and in the quality of our audit.

Tone at the top: We make it clear that audit quality is part of our culture and values and therefore non-negotiable. Tone at the top is the umbrella that covers all the drivers of quality through a focused and consistent voice. John Prentice as the Engagement Lead sets the tone on the audit and leads by example with a clearly articulated audit strategy and commits a significant proportion of his time throughout the audit directing and supporting the team.

Association with right clients: We undertake rigorous client and engagement acceptance and continuance procedures which are vital to the ability of KPMG to provide high-quality professional services to our clients.

Clear standards and robust audit tools: We expect our audit professionals to adhere to the clear standards we set and we provide a range of tools to support them in meeting these expectations. The global rollout of KPMG's eAudit application has significantly enhanced existing audit functionality. eAudit enables KPMG to deliver a highly

technically enabled audit. All of our staff have a searchable data base, Accounting Research Online, that includes all published accounting standards, the KPMG Audit Manual Guidance as well as other relevant sector specific publications, such as the Audit Commission's *Code of Audit Practice*.

Recruitment, development and assignment of appropriately qualified personnel: One of the key drivers of audit quality is assigning professionals appropriate to the Authority's risks. We take great care to assign the right people to the right clients based on a number of factors including their skill set, capacity and relevant experience.

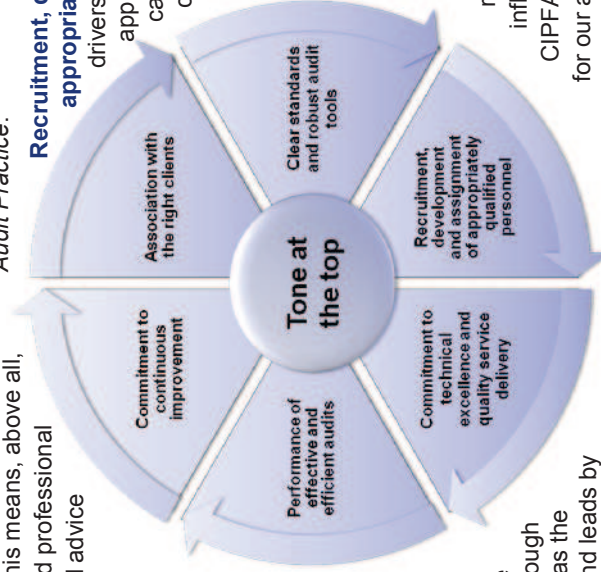
We have a well developed technical infrastructure across the firm that puts us in a strong position to deal with any emerging issues. This includes:

- A national public sector technical director who has responsibility for co-ordinating our response to emerging accounting issues, influencing accounting bodies (such as CIPFA) as well as acting as a sounding board for our auditors.

- A national technical network of public sector audit professionals is established that meets on a monthly basis and is chaired by our national technical director.

- All of our staff have a searchable data base, Accounting Research Online, that includes all published accounting standards, the KPMG Audit Manual Guidance as well as other relevant sector specific publications, such as the Audit Commission's *Code of Audit Practice*.

- A dedicated Department of Professional Practice comprised of over 100 staff that provide support to our audit teams and deliver our web-based bi-monthly technical training.



Appendix 2: KPMG Audit Quality Framework (continued)

We continually focus on delivering a high quality audit.

Commitment to technical excellence and quality service delivery: Our professionals bring you up- the-minute and accurate technical solutions and together with our specialists are capable of solving complex audit issues and delivering valued insights.

Our audit team draws upon specialist resources including Forensic, Corporate Finance, Transaction Services, Advisory, Taxation, Actuarial and IT. We promote technical excellence and quality service delivery through training and accreditation, developing business understanding and sector knowledge, investment in technical support, development of specialist networks and effective consultation processes. |

Performance of effective and efficient audits: We understand that how an audit is conducted is as important as the final result. Our drivers of audit quality maximise the performance of the engagement team during the conduct of every audit. We expect our people to demonstrate certain key behaviors in the performance of effective and efficient audits. The key behaviors that our auditors apply throughout the audit process to deliver effective and efficient audits are outlined below:

- timely Engagement Lead and manager involvement;
- critical assessment of audit evidence;
- exercise of professional judgment and professional scepticism;
- ongoing mentoring and on the job coaching, supervision and review;
- appropriately supported and documented conclusions;
- if relevant, appropriate involvement of the Engagement Quality Control reviewer (EQC review);
- clear reporting of significant findings;
- insightful, open and honest two-way communication with those charged with governance; and
- client confidentiality, information security and data privacy.

Commitment to continuous improvement: We employ a broad range of mechanisms to monitor our performance, respond to feedback and understand our opportunities for improvement.

Our quality review results

We are able to evidence the quality of our audits through the results of National Audit Office and Audit Commission reviews. The results of the Audit Commission's annual quality review process is made publicly available each year (http://www.audit-commission.gov.uk/audit-regime/Pages/qualityreviewprocess_copy.aspx). The latest Annual Regulatory and Compliance report dated June 2013 showed that we performed highly against all the Commission's criteria.



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Report of Director of Adult Social Services

Report to Corporate Governance and Audit Committee

Date: 21st January 2014

Subject: Update 4 - Shared Service Partnership with Calderdale Metropolitan Borough Council to meet Adult Social Care Technology Requirements

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

- 1 This is the fourth report presented to the Corporate Governance and Audit Committee, regarding Leeds City Council's partnership agreement with Calderdale Metropolitan Borough Council (MBC) for the sharing, use and joint development of its Case Management and Information System named CIS (Client Information System).
- 2 The main issues covered in this report are as follows:
 - The governance arrangements detailed in previous reports continue to provide effective management and control of the partnership arrangements and implementation of the new system.
 - The implementation of the new system continues to progress well across the key areas, which include:
 - CIS implementation
 - EDRMS
 - Enhanced reporting and business intelligence
 - Data preparation and migration
 - Establishing business readiness
 - Issues reported previously with the capacity and capability available from Calderdale MBC have been resolved to enable the development and build of the system by Calderdale to be completed by April 2014 as planned. This position is being closely monitored by the Delivery Board and any risk of a deviation from planned timescales will be escalated to the Partnership Board.

- The social work team that will be working on the implementation are now all in place. The team is made up of different roles; from service manager, team manager, social worker and administrative support, with a wide and extensive knowledge of the service. Their primary role is to ensure the system is fully fit for purpose and that operational teams are ready to use it. At the time of writing this report the team were in the final stages of gaining a detailed understanding of the new system and how it will be used in Leeds.
- The draft Care Act is currently going through the reading stages of the Parliamentary process, however, we have known for some months now that there will be significant implications for both the design and development of CIS as a result of the proposals in the Act. The potential requirements of the Care Act influence all work-streams as the system and data not only need to be fit for purpose for Day 1 but also to be in a position to meet the Care Act requirements in 2015 without major re-work. Whilst there remains a significant amount of unknowns in relation to the final requirements of the Act these are under constant review and considerations are being made to current and future development of CIS throughout the build process. In addition, the key remit of the Joint Strategic Development Group is to develop the future roadmap to meet these future challenges.
- The final Day 1 version of Leeds CIS will be built and ready for final testing for April 2014. Based on lessons learnt from the Children's migration, and the need to wait until that was complete before the full migration team was available, the data migration phase is currently planned for completion by June 2014. Migration is the critical phase of the project and a dedicated migration board is in place, led by an operational Head of Service, to manage the challenges and intricacies of the project.
- The project is on track to deliver the new system, to the level of quality expected in the re-planned dates outlined above. These outcomes are and will continue to be delivered within the approved budget.

Recommendations

- 1 It is recommended that the Corporate Governance and Audit Committee review the position outlined in this report and note the progress that has been made, as well as the challenges that have been resolved. Corporate Governance and Audit Committee members are invited to make comments and raise any concerns to support the successful implementation of the programme.
- 2 It is recommended that the Corporate Governance and Audit Committee agree to receive a further report on the progress of the programme following the successful implementation. However, if any further issues are encountered that affect the quality, cost or timescales of the implementation, it is recommended that these are raised with the Chair of the Committee and brought back to the full committee if deemed appropriate.

1 Purpose of this report

This report has been written to provide an update on the progress of the ASC Systems Review Programme. It will provide assurance to the Corporate Governance and Audit Committee members that the challenges that have been faced have been resolved and the project is on track to provide the required technology solution within Adult Social Care.

2 Background information

2.1 Leeds City Council has entered a partnership agreement with Calderdale MBC to share, use and jointly develop its case management and information system CIS. As agreed by Leeds City Council's Executive Board in July 2012, this solution will replace the current bespoke case management system in Adult Social Care (ASC), named ESCR, and the accompanying ESCR financial system.

2.2 The ASC Social Care Systems Review Programme was established to manage the implementation. The programme consists of five main areas of activity:

- **CIS implementation:** the implementation of Calderdale's CIS case management system, including integrated financial and contract management modules, in partnership with Calderdale MBC to meet Leeds' requirements
- **EDRMS:** The implementation and integration of Leeds City Council's corporate Electronic Document and Records Management System (EDRMS) in parallel with the implementation of CIS. This will enable a single, fully electronic client record.
- **Enhanced reporting and business intelligence:** The development and build of a reporting and business intelligence (BI) solution to meet the reporting requirements of ASC through the use of existing corporate reporting and business intelligence technology
- **Data preparation and migration:** The work to prepare all of ACS's data and move it into the right places in CIS from existing data sources such as ESCR, ESCR Financials and bespoke spread-sheets.
- **Establishing business readiness:** The preparation of the business (service areas within ASC) for the new system, including establishing the systems and processes to ensure the benefits of the new system are realised and full training on CIS is rolled out across ASC

3 Main issues

3.1 Governance Arrangements

3.1.1 The governance arrangements continue to provide effective management and control of the partnership arrangements and implementation of the new system.

3.1.2 The governance has proved effective in escalating and resolving the issues previously reported. In addition the management of risks within the

governance structure has been reinforced to mitigate any further impact on the delivery of the project.

3.2 Progress To Date

- 3.2.1 **CIS implementation:** The second of the four planned releases of Leeds specific CIS developments has been successfully tested. Testing of the third release is scheduled to start mid-January and it is confirmed that the final release will be available before the end of March.
- 3.2.2 **EDRMS:** The first release of the corporate electronic document records management solution (eLeeds) and its integration with CIS is scheduled to coincide with Release 3.0 of CIS. Full testing will be carried out on both applications and their integration through February and early March
- 3.2.3 **Enhanced reporting and business intelligence:** The design and build of the solution is still on track in-line with the CIS development and release schedule. Work is also continuing to ensure the solution is being developed in a way to meet the changing information needs driven by integrated health and social care services and the future care reforms (Care Act). Contingencies are also being developed to meet new Zero Based Review legislative reporting requirements for 2014/15.
- 3.2.4 **Data preparation and migration:** Work is continuing to improve the quality of the data for the 15,000 open ASC client cases and prepare these and the 85,000 other cases to be migrated. Work has also been completed to identify and prepare the 165,000+ attachments currently on ESCR ready to migrate. At the time of writing this report the full migration team was transferring to the ASC project on completion of the Children's migration. By mid-January the detailed migration design work will be well underway and the build of ASC migration files started as planned. There are several million rows of data which will be extracted from the existing ESCR system and migrated to the new system.
- 3.2.5 **Establishing business readiness:** The engagement and involvement of operational teams and social care practitioners is essential to the success of the project. Detailed business implementation and engagement plans have been put in place taking into consideration the day-to-day pressures of frontline staff. The engagement that has taken place in ASC has been vital to ensure the design of the system is fit for purpose.
- 3.2.6 For all work-streams the programme continues to be delivered within the budget allocated.

4 Risk Management

- 4.1 The innovative approach to forming a partnership with Calderdale and the implementation of their CIS case management system carried with it a significant number of high risks, due to its very nature, as recognised by both this Committee and the Executive Board.
- 4.2 From that significant number of risks (42 of which 31 were rated high or very high), the only 2 major issues that have arisen have been effectively managed through the governance arrangements. The boards in the governance model

will continue to monitor progress and manage dependencies, risks and the budget to ensure the effective delivery of the project.

4.3 Due to the programme being implemented in a time of unprecedented change across ASC, the environment in which the project is being delivered is highly complex, including:

- The integration of health and social care
- Significant service changes in response to the Better Lives Programme
- Service wide preparation for the social care reforms (Care Act), including changes to technology
- Significant financial pressures
- Increasing demand and operational pressures on front-line staff

A key responsibility of the Boards within the governance structure will be to continually review the position throughout the implementation and act accordingly.

5 Conclusions

5.1 Progress continues to be made on all areas of the programme including the preparation of our data for migration; establishing business readiness; integration with EDRMS; reporting and business intelligence and the initial LCC CIS build in addition to the release of the first LCC specific CIS developments into LCC

5.2 The Corporate Governance and Audit Committee can be reassured that the established governance arrangements not only continue to effectively manage the risk and challenges posed by such an innovative programme but also ensure we are positioned to meet the emerging challenges presented by the future social care reforms

5.3 The issues that have been encountered have been resolved. Action taken to re-schedule some of the work and the impact of this on timescales has been carefully considered. The re-planned timescales enable ASC to minimise any impact on frontline services whilst not compromising on the level of quality expected from the solution.

6 Recommendations

6.1 It is recommended that the Corporate Governance and Audit Committee review the position outlined in this report and note the progress that has been made, as well as the challenges that have been resolved. Corporate Governance and Audit Committee members are invited to make comments and raise any concerns to support the successful implementation of the programme.

3 It is recommended that the Corporate Governance and Audit Committee agree to receive a further report on the progress of the programme following the successful implementation. However, if any further issues are encountered that affect the quality, cost or timescales of the implementation, it is recommended that these are raised with the Chair of the Committee and brought back to the full committee if deemed appropriate.

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Report of Assistant Chief Executive (Citizens and Communities) and Deputy Chief Executive*

Report to Corporate Governance and Audit Committee

Date: 21st January 2014

Subject: Report of the Information Commissioner's Office following a Data Protection Audit conducted across the Council

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The council agreed to the Information Commissioner's Office (ICO) undertaking a consensual data protection audit between 1st and 3rd October 2013.
2. The primary purpose of the audit is to provide the ICO and the council with an independent opinion of the extent to which the council is complying with the Data Protection Act 1998 (DPA98) and highlight any areas of risk to compliance.
3. This report provides Corporate Governance and Audit Committee with background information about the audit, together with a copy of the final report, assessment and recommendations for improved practice from the ICO
4. The audit concluded that the council is providing a reasonable level of assurance that processes and procedures are in place and delivering data protection compliance.

Recommendations

5. Corporate Governance and Audit Committee is asked to consider the contents of this report and note the level of assurance the council has provided the Information Commissioner's Office in respect of its processes and procedures for delivering data protection compliance.

*The role of Senior Information Risk Owner (SIRO) for the council is to change from Assistant Chief Executive (Citizens and Communities) to the Deputy Chief Executive on 7th January 2014. However the audit work was completed whilst the Assistant Chief Executive was the SIRO.

1 Purpose of this report

- 1.1 The council agreed to the Information Commissioner's Office (ICO) undertaking a consensual data protection audit between 1st and 3rd October 2013.
- 1.2 The purpose of this report is to ensure that Corporate Governance and Audit Committee have sight of the recommendations contained within ICO audit report and consider their implications for the council.

2 Background information

- 2.1 The council agreed to the ICO undertaking a consensual data protection audit between 1st and 3rd October 2013. The primary purpose of the audit was to provide the ICO and the council with an independent opinion of the extent to which the council is complying with the Data Protection Act 1998 (DPA98) and highlight any areas of risk to compliance.
- 2.2 The ICO have produced a report detailing the audit findings, an assurance rating of the council and a series of recommendations for improvement. The overall conclusion reached by the report is that the council can provide the ICO with a reasonable level of assurance that processes and procedures are in place and delivering data protection compliance.
- 2.3 The ICO report is attached to this report as Appendix One to provide members of the Corporate Governance and Audit Committee with details about the level of assurance provided and information about the actions proposed to improve processes and procedures to comply with the DPA98.

3 Main issues

- 3.1 The Information Commissioner is responsible for enforcing and promoting compliance with the DPA98. Section 51 (7) of the DPA contains a provision giving the Information Commissioner power to assess any organisation's processing of personal data for the following of 'good practice', with the agreement of the data controller (the council). This is done through a consensual audit.
- 3.2 The council were the subject of ICO enforcement action in 2012 with both an Undertaking and a Civil Monetary Penalty issued for separate data protection breaches. Subsequent to the payment of the Civil Monetary Penalty and completion of work on the Undertaking, the council agreed to a request by the ICO for them to undertake a consensual audit of our practice and procedures for processing personal data.
- 3.3 The audit was conducted between the 1st and 3rd October during which time two auditors interviewed staff across specific areas of the council. These areas had been previously agreed at an introductory meeting on 25th June to discuss the scope of the audit, and were focussed on those services processing high risk information and those areas responsible for information management security and policy. The scope of the audit was limited to how the council manages manual and electronic records containing personal data and the security arrangements for personal information.

- 3.4 Following the audit and further consultation with the Corporate Information Governance Team, the ICO published a report on 29th November 2013, which concluded that the council is providing a reasonable level of assurance that processes and procedures are in place and delivering data protection compliance. The reasonable assurance is the second highest ranking out of four the ICO use to assess organisations. The audit has identified some scope for improvement in existing arrangements and has proposed a series of recommended actions within the report to reduce the risk of non-compliance with the DPA98.
- 3.5 There are thirty-two recommended actions, to which the council has accepted twenty-seven in their entirety, and partially accepted the remaining five recommendations. The council proposed amendments to each of the partially accepted recommendations and these amendments have subsequently been accepted by the ICO. Details about each amendment are located within the ICO report at reference point's **a22**; **a39**; **a44**; **b32**, and **b48**.
- 3.6 The council has agreed to report back to the ICO by 8th September 2014 in respect of progress in implementing actions against each recommendation. The Data Protection Audit Working Group, set up to coordinate arrangements for the audit, will remain in place to monitor progress against each recommendation. It should be noted that there were no real surprises contained within the ICO report and that the council had already started work on a number of the recommendations contained within the report.
- 3.7 As part of the audit process the ICO request permission to publish an Executive Summary of the audit findings on their website. The council had ten days from publication of the report to provide this approval, otherwise the ICO website would be updated to say that the audit took place but permission to publish was withheld. Given that the audit findings were relatively favourable to the council, the council's Senior Information Risk Officer (SIRO) took the view that it was appropriate to provide approval for the ICO to publish the Executive Summary on their website. A copy of this Executive Summary is provided at Appendix Two.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 This was a consensual audit undertaken on the council at the request of the ICO and no formal consultation was necessary or required. However, the undertaking of the audit required engagement with a wide cross-section of officer stakeholders from within the council, all of whom were kept informed about the audit process throughout, and contributed to the eventual outcomes detailed in the ICO audit report.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 Equalities and diversity is an integral and prerequisite consideration within the Data Protection Act and due regard has to be made to Schedule two and three of

the legislation when processing personal data consisting of information relating to the racial or ethnic origin of a data subject.

4.3 Council policies and City Priorities

4.3.1 Implementation of improvements to the council's data protection practice and procedures will provide citizen confidence in the council's ability to process their personal data in a safe, secure and reliable manner, thereby ensuring that council plans and strategies, particularly the Children's and Young Peoples Plan and the Health and Well Being City Priority Plan, which will rely on effective sharing of personal data, can be delivered compliantly and effectively.

4.4 Resources and value for money

4.4.1 The ICO's audit report makes some recommendations with revenue implications for the council. Notably there is a recommendation that the council's Corporate Information Governance Team responsible for producing effective information governance training materials have a permanent training resource within the team. A further recommendation requires members of the Corporate Information Governance Team are suitably qualified to enable them to carry out their role effectively.

4.4.2 Budget implications contained within the audit report are being considered as part of determining the budget for 2014/15.

4.5 Legal Implications, Access to Information and Call In

4.5.1 There are no legal implications from this report.

4.5.2 There are no restrictions to access to information contained in this report.

4.6 Risk Management

4.6.3 The risk associated with not implementing information governance policies, procedures and practice across the Council leaves the organisation more susceptible to breaches of legislative, regulatory and contractual obligations, affecting the confidence of its citizens, partners, contractors and third parties when handling and storing sensitive and protectively marked information.

4.6.1 The risk associated with not implementing the recommendations and subsequent action plan contained within the audit report leaves the council open to criticism from the ICO, reputational damage and the possibility of further Monetary Penalty Notices being issued.

5 Conclusions

5.1 The Data Protection Audit has provided the council with the opportunity to use the ICO's experienced, qualified staff to provide an independent assurance of data protection compliance. It has also helped to independently raise staff awareness of data protection and demonstrated the council's commitment to, and recognition of, the importance of data protection.

5.2 The purpose of the audit was to provide the ICO and the council with an independent assurance of the extent to which the council within the scope of the audit is complying with the DPA98. The overall conclusion is that there is a reasonable level of assurance that processes and procedures are in place and delivering data protection compliance. The audit has identified some scope for improvement in existing arrangements to reduce the risk of non-compliance with the DPA98, and these will be addressed through implementing a number of recommendations contained within the report through delivery of an action plan by 8th September 2014.

6 Recommendations

6.1 Corporate Governance and Audit Committee is asked to consider the contents of this report and note the level of assurance the council has provided an independent regulator in respect of the council's processes and procedures for delivering data protection compliance.

6.2 Corporate Governance and Audit Committee will receive a further report in July 2014 outlining the council's progress in implementing the recommended actions for improving compliance contained within the ICO report. Furthermore, the assurances provided by this independent audit will feed into the assurances provided for the Annual Governance Statement.

Leeds City Council

Data protection audit report

Executive summary
November 2013

1. Background

The Information Commissioner is responsible for enforcing and promoting compliance with the Data Protection Act 1998 (the DPA). Section 51 (7) of the DPA contains a provision giving the Information Commissioner power to assess any organisation's processing of personal data for the following of 'good practice', with the agreement of the data controller. This is done through a consensual audit.

The Information Commissioner's Office (ICO) sees auditing as a constructive process with real benefits for data controllers and so aims to establish a participative approach.

Leeds City Council were the subject of ICO enforcement action in 2012 with both an Undertaking and a Civil Monetary Penalty issued for separate data protection breaches.

Leeds City Council has agreed to a consensual audit by the ICO of its processing of personal data.

An introductory meeting was held on 25 June 2013 with representatives of Leeds City Council to identify and discuss the scope of the audit and after that through email and telephone correspondence to agree the schedule of interviews.

2. Scope of the audit

Following pre-audit discussions with Leeds City Council it was agreed that the audit would focus on the following areas:

- a. Records management (manual and electronic) including Adults and Children's Social Services – The processes in place for managing both manual and electronic records containing personal data. This will include controls in place to monitor the creation, maintenance, storage, movement, retention and destruction of personal data records.
- b. Security of personal data – The technical and organisational measures in place to ensure that there is adequate security over personal data held in manual or electronic form.

3. Audit opinion

Overall Conclusion	
Reasonable assurance	<p>There is a reasonable level of assurance that processes and procedures are in place and delivering data protection compliance. The audit has identified some scope for improvement in existing arrangements to reduce the risk of non-compliance with the Data Protection Act.</p> <p>We have made two reasonable assurance assessments where controls could be enhanced to address the issues which are summarised below.</p>

4. Summary of audit findings

Areas of good practice

The Council have a robust management structure in place to coordinate Information Governance (IG) across the Council. A trained Senior Information Risk Officer is in post and there is an established Information Governance Management Board (IGMB) to provide an oversight of IG policies and procedures. Four sub-boards, with information assurance as part of their remit, report into the IGMB.

There is a clear reporting mechanism within directorates for both data protection and IT breaches. The IG manager is responsible for oversight of the directorate breach logs and will work with directorates to identify trends, record lessons learnt and formulate good practice. An annual breach report is provided to the SIRO.

The Council is compliant with CESG's Code of Connection requirements, which allows them to connect to the GCSx network. They also align their IT infrastructure to comply with other recognised standards including ISO 27001 information security requirements and the NHS' self-assessment IG toolkit.

The Council has an appropriate fair processing notice (FPN) in use within both children's and adults social services which clearly explains how it obtains, holds, uses and discloses personal data. A generic FPN is available on the Council's website and it is reviewing all data collection forms to ensure they contain a consistent FPN.

Areas for improvement

Information Asset Owners (IAOs) are not systematically assessing risk to information in their business areas, which may result in the SIRO not having an accurate overview of information risk across the Council. IAOs should regularly review the electronic and manual data they own to ensure they are clear about the nature of the information held, how it is used and transferred and who has access to it and why.

The off-site storage of manual records, including transport and retrieval, is well managed with a clear audit trail. However, there is no standardised procedure for ensuring social work case files, taken from individual offices on an ad-hoc basis, are recorded and monitored.

Implementing a single Council-wide process for storage and disposal of confidential waste will help to provide assurance that waste is being managed securely. This should include a review of the type of office shredders being used to ensure they shred to required standards.

The introduction of robust Privacy Impact Assessments and embedding them into the Council's project development and system design processes will help provide assurance that personal data risks are being assessed when new systems processing personal data are developed and implemented.

The matters arising in this report are only those that came to our attention during the course of the audit and are not necessarily a comprehensive statement of all the areas requiring improvement.

The responsibility for ensuring that there are adequate risk management, governance and internal control arrangements in place rest with the management of Leeds City Council.

We take all reasonable care to ensure that our audit report is fair and accurate but cannot accept any liability to any person or organisation, including any third party, for any loss or damage suffered or costs incurred by it arising out of, or in connection with, the use of this report, however such loss or damage is caused. We cannot accept liability for loss occasioned to any person or organisation, including any third party, acting or refraining from acting as a result of any information contained in this report.

Leeds City Council

Data protection audit report

Auditors:	Christine Eckersley (Audit Team Manager) Chris Littler (Engagement Lead Auditor) Arleen O'Neill (Lead Auditor)
Data controller contacts:	Andrew Nutting (Executive Officer – Information Governance Department)
Distribution:	James Rogers (SIRO)
Date issued:	29 November 2013

The matters arising in this report are only those that came to our attention during the course of the audit and are not necessarily a comprehensive statement of all the areas requiring improvement.

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8. Appendix A (attached as a separate Word document)	

1. Background

- 1.1 The Information Commissioner is responsible for enforcing and promoting compliance with the Data Protection Act 1998 (the DPA). Section 51 (7) of the DPA contains a provision giving the Information Commissioner power to assess any organisation's processing of personal data for the following of 'good practice', with the agreement of the data controller. This is done through a consensual audit.
- 1.2 The Information Commissioner's Office (ICO) sees auditing as a constructive process with real benefits for data controllers and so aims to establish a participative approach.
- 1.3 Leeds City Council were the subject of ICO enforcement action in 2012 with both an Undertaking and a Civil Monetary Penalty issued for separate data protection breaches.
- 1.4 Leeds City Council has agreed to a consensual audit by the ICO of its processing of personal data.
- 1.5 An introductory meeting was held on 25 June 2013 with representatives of Leeds City Council to identify and discuss the scope of the audit and after that through email and telephone correspondence to agree the schedule of interviews.

2. Scope of the audit

- 2.1 Following pre-audit discussions with Leeds City Council it was agreed that the audit would focus on the following areas:
- a. Records management (manual and electronic) – The processes in place for managing both manual and electronic records containing personal data. This will include controls in place to monitor the creation, maintenance, storage, movement, retention and destruction of personal data records.
 - b. Security of personal data – The technical and organisational measures in place to ensure that there is adequate security over personal data held in manual or electronic form.

3. Audit opinion

- 3.1 The purpose of the audit is to provide the Information Commissioner and Leeds City Council with an independent assurance of the extent to which Leeds City Council within the scope of this agreed audit is complying with the DPA.
- 3.2 The recommendations made are primarily around enhancing existing processes to facilitate compliance with the DPA.

Overall Conclusion	<p>There is a reasonable level of assurance that processes and procedures are in place and delivering data protection compliance. The audit has identified some scope for improvement in existing arrangements to reduce the risk of non-compliance with the Data Protection Act.</p> <p>We have made two reasonable assurance assessments where controls could be enhanced to address the issues which are summarised below and presented fully in the 'detailed findings and action plan' section 7 of this report.</p>
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4. Summary of audit findings

4.1 Areas of good practice

- The Council have a robust management structure in place to coordinate Information Governance (IG) across the Council. A trained Senior Information Risk Officer is in post and there is an established Information Governance Management Board (IGMB) to provide an oversight of IG policies and procedures. Four sub-boards, with information assurance as part of their remit, report into the IGMB.
- There is a clear reporting mechanism within directorates for both data protection and IT breaches. The IG manager is responsible for oversight of the directorate breach logs and will work with directorates to identify trends, record lessons learnt and formulate good practice. An annual breach report is provided to the SIRO.
- The Council is compliant with CESG's Code of Connection requirements, which allows them to connect to the GCSx network. They also align their IT infrastructure to comply with other recognised standards including ISO 27001 information security requirements and the NHS' self-assessment IG toolkit.
- The Council has an appropriate fair processing notice (FPN) in use within both children's and adults social services which clearly explains how it obtains, holds, uses and discloses personal data. A generic FPN is available on the Council's website and it is reviewing all data collection forms to ensure they contain a consistent FPN.

4.2 Areas for improvement

- Information Asset Owners (IAOs) are not systematically assessing risk to information in their business areas, which may result in the SIRO not having an accurate overview of information risk across the

PROTECT

Council. IAOs should regularly review the electronic and manual data they own to ensure they are clear about the nature of the information held, how it is used and transferred and who has access to it and why.

- The off-site storage of manual records, including transport and retrieval, is well managed with a clear audit trail. However, there is no standardised procedure for ensuring social work case files, taken from individual offices on an ad-hoc basis, are recorded and monitored.
- Implementing a single Council-wide process for storage and disposal of confidential waste will help to provide assurance that waste is being managed securely. This should include a review of the type of office shredders being used to ensure they shred to required standards.
- The introduction of robust Privacy Impact Assessments and embedding them into the Council's project development and system design processes will help provide assurance that personal data risks are being assessed when new systems processing personal data are developed and implemented.

5. Audit approach

- 5.1 The audit was conducted following the Information Commissioner's data protection audit methodology. The key elements of this are a desk-based review of selected policies and procedures, on-site visits including interviews with selected staff, and an inspection of selected records.
- 5.2 The audit field work was undertaken at Leeds Civic Hall, Westgate Building, Apex Way, Merrion House, Hough Top Court, Westland Road, Killingbeck Court and Morley Town Hall between 1 – 3 October 2013.

6. Audit grading

6.1 Audit reports are graded with an overall assurance opinion, and any issues and associated recommendations are classified individually to denote their relative importance, in accordance with the following definitions.

Colour code	Internal audit opinion	Recommendation priority	Definitions
	High assurance	Minor points only are likely to be raised	There is a high level of assurance that processes and procedures are in place and are delivering data protection compliance. The audit has identified only limited scope for improvement in existing arrangements and as such it is not anticipated that significant further action is required to reduce the risk of non compliance with the DPA.
	Reasonable assurance	Low priority	There is a reasonable level of assurance that processes and procedures are in place and are delivering data protection compliance. The audit has identified some scope for improvement in existing arrangements to reduce the risk of non compliance with the DPA.
	Limited assurance	Medium priority	There is a limited level of assurance that processes and procedures are in place and are delivering data protection compliance. The audit has identified considerable scope for improvement in existing arrangements to reduce the risk of non compliance with the DPA.
	Very limited assurance	High priority	There is a very limited level of assurance that processes and procedures are in place and are delivering data protection compliance. The audit has identified a substantial risk that the objective of data protection compliance will not be achieved. Immediate action is required to improve the control environment.

7. Detailed findings and action plan

7.1 Scope: Records management. The processes in place for managing both electronic and manual records containing personal data. This will include controls in place to monitor the creation, maintenance, storage, movement, retention and destruction of personal data records.

Risk: In the absence of appropriate records management processes, there is a risk that records may not be processed in compliance with the DPA resulting in regulatory action by the ICO, reputational damage to the data controller and/or damage and distress to individuals.

a1. The Senior Information Risk Officer (SIRO), who is the Assistant Chief Executive, has overall responsibility for records management within the Council. The Council has an Information Governance Management Board (IGMB), chaired by the Chief Officer, who has historically had responsibility for the Information Governance (IG) function. IGMB meets bi-monthly and regular items for discussion include legacy records, IG training, Information Asset Registers (IAR) and Incident Reporting.

a2. Day to day responsibility for the development and implementation of the records management function has been assigned to the Executive Officer of the IG team.

a3. The IG Executive Officer has a direct link to the SIRO with monthly meetings taking place in addition to the IGMB.

a4. The Council has four sub-groups which report into IGMB, including the Information Assurance Group and the Records Managers Group. Each group has defined Terms of Reference (TOR) and all meetings are minuted to show agreed actions and outcomes.

a5. The IG Executive Officer is supported by eight members of staff. In addition to this each Directorate has a Records Manager and an Information Compliance Officer (InCO), who have direct links to the IG team, to ensure that records are appropriately managed throughout the Council.

a6. Information Asset Owners (IAOs) are appointed at head of service level. Auditors were informed that the IAR is currently under review, and once completed IAO training will be rolled out.

Recommendation: Ensure IAOs are trained in line with proposed plans. Further advice on IAO training is available from The National Archives.

Management response: Accept.
A working group has been put together who are undertaking the information asset register project. This includes updating the register, developing an

improved technical solution for holding and updating information, identifying asset owners and providing relevant training, and developing procedures for appropriate reporting and management of information risk.

Implementation date: 01 October 2014

Responsibility: Information Governance Manager, Corporate Information Governance Team.

a7. The Council's Records Management policy has been endorsed by senior management and clearly sets out requirements for the records management function. The policy covers manual and electronic records, and includes details about security, storage, indexing, retention and disposal.

a8. The IG team is responsible for reviewing the policy with the next review scheduled for July 2014. There is a clear log showing the reviews carried out and that the policy is subject to version control.

a9. The policy is supported by the guidance available on the Council's intranet, and all staff interviewed knew where to find the policy and supporting guidance. Important updates are flagged to staff via the intranet or monthly IG newsletters.

a10. The Records Management policy sets out the training required to be undertaken by staff in relation to records management. The Council's IG team are responsible for producing records management

training materials. However, the team does not currently have a permanent training resource with the current IG trainer being on a temporary contract.

Recommendation: It would be advisable to have a permanent resource within the IG Team to ensure that this essential training is developed, maintained and delivered over the long term.

Management response: Accept.

The council will ensure that the review of Information Management & Technology takes account of the need to provide mainstream IG training across the organisation (initial discussion on-going as part of budget planning process)

Implementation date: 01 May 2014

Responsibility: Head of Intelligence and Performance.

a11. It was reported that a number of the IG team do not have professionally recognised IG qualifications.

Recommendation: Members of the IG team should be suitably qualified to enable them to carry out their role effectively. It would therefore be advisable for the Council to provide relevant professional training.

Management response: Accept.

Funding for the corporate IG team is being considered as part of determining the budget for the

2014-15 financial year. Precise qualifications required to be determined in further discussion with the ICO.

Implementation date: 01 May 2014.

Responsibility: Head of Intelligence and Performance

a12. In addition, the IT Security Officer (ITSO) does not hold, nor is working towards, a CESG certified professional certificate of competence in line with the Local Public Services Data Handling Guidelines.

Recommendation: To comply with the Local Public Services Data Handling Guidelines, the Council should provide suitable CESG training for the ITSO.

Management response: Accept.
The council will provide suitable CESG training for the IT Security Officer.

Implementation date: 01 December 2014.

Responsibility: Chief ICT Officer

a13. The Council does not have specific Records Management training; it is included as a sub-section, which aligns to the RM Policy requirements, within a general IG training package. Because this training is relatively new, IG refresher training is not yet embedded, although there will be a requirement to

complete every two years.

Recommendation: The Council should ensure regular IG refresher training is mandated and monitored to ensure staff knowledge is kept up to date and relevant.

Management response: Accept.
Staff who completed the Information Governance training in 2011/12 will receive a reminder to complete an updated version in April 2014. For PC users, completion will be recorded automatically on the Council's training system, and for non PC users the corporate Information Governance (IG) team will define and implement a procedure for logging their completion of the training. The content of training will be reviewed on a regular basis and an automated reminder will be issued to staff every two years to complete it again. Delivery of the IG training strategy includes more specific training needs analysis exercises and the development and delivery of more detailed training, for example Records Management training.

Implementation date: 01 June 2014

Responsibility: Senior Information Governance Officer (Training), Corporate Information Governance Team.

a14. Auditors were informed that training needs are identified by managers during one to one sessions, and that staff can request additional

training via the Performance and Learning System (PALS). Requests for training sent via PALS must be authorised by a manager.

a15. The Council has specific trainers for the Electronic Social Care Records system (ESCR). Access is not granted to ESCR without training having been completed. There are however, rare occasions when a staff member may require urgent access to ESCR. In those cases a manager must authorise the access.

a16. The Council has an appropriate fair processing notice (FPN) in use within both children’s and adult’s social services. The FPN is a paper document which requires a signature and clearly explains how the Council obtains, holds, uses and discloses personal data. It also informs data subjects of their rights under the Data Protection Act (DPA).

a17. A generic FPN is available on the Council’s website, providing details about personal data collected and reasons for its use. The FPN also provides information about the use of cookies on the website.

a18. The Council are currently reviewing all data collection forms to ensure they contain a consistent FPN. Forms will be refreshed to a consistent standard and a log kept.

a19. The majority of personal data is processed electronically using shared drives, which are access

controlled, and electronic social care records. This has reduced the need for manual records to be held and used within social services to a minimum.

a20. There are occasions when staff within both the children’s and adults social work teams are required to work on a manual file. These files are stored in locked team cupboards when not in use.

a21. The keys for the team cupboards are locked away in a drawer by a member of the administration team. The key for this drawer is then taken home. All members of the social work administration team have a key to the drawer. However if there are no members of the administration team in the office, social workers are unable to access the locked cupboards.

Recommendation: Provide digital key safes for use within social services teams to ensure that records are always accessible when required.

Management response: Partially accept. Many social work offices already have effective mechanisms in place for accessing records out of core hours although it is recognised that consistency is required across social work areas. However, the Council does not regard the introduction of digital key safes as the most appropriate or cost effective option to address this issue. It intends to carry out a review of the current procedures in place across Adult Social Care and Children’s Services with a policy to be then produced which addresses how

records are securely stored and accessed within offices.

Implementation date: 01 May 2014.

Responsibility: Jointly- Chief Officer, Partnership Development and Business (Children’s Services), and Chief Officer, Learning Disabilities (Adult Social Care)

a22. Auditors noted that there are times when personal data is taken off site to enable social work staff to conduct home visits. The information taken on the visits is of a sensitive nature and is generally stored in social workers’ bags; it is therefore not appropriately protected as the bags being used do not lock.

Recommendation: Provide a lockable storage solution for social workers taking manual personal records off site on client visits, such as lockable document holders, bags and/or car boot safes.

Management response: Partially accept.

The Council recognises the need for manual personal records to be transported in a secure manner. However, it does not consider that lockable transport means are a cost effective option or a proportionate response to preventing loss or theft. Instead the Council proposes to implement a policy which covers the circumstances in which records are to be taken out of social work offices and the most appropriate means, proportionate to the risk involved, by which they should be transported.

Implementation date: 01 March 2014.

Responsibility: Jointly- Chief Officer, Partnership Development and Business (Children’s Services), and Chief Officer, Learning Disabilities (Adult Social Care)

a23. There is currently no standardised procedure in place for recording which records have been taken off-site. Children’s social services record details of files taken out of the office in a log book which is monitored by the administration team, whereas the adults’ social services team do not use any system of signing files out of the office.

Recommendation: Introduce a standard procedure for signing files out of the office and ensure the file returns are monitored.

Management response: Accept.

There is good practice in parts of the council, but it is recognised that this needs to be consistent across the organisation. The Corporate Records Manager will co-ordinate work to review current procedures and practice, develop and agree a corporate approach, and ensure these are in use within all relevant offices.

Implementation date: 01 September 2014.

Responsibility: Corporate Records Manager, Corporate Information Governance team.

a24. Legacy paper records are archived off site at the West Yorkshire Archive Service (WYAS). There is a recording system in place which uses a combination of spreadsheets and bar-codes to enable the tracking and monitoring of those records. There are also regular box audits to ensure that boxes are tracked to the correct location within the archive.

a25. As well as using WYAS, the Council also has a contract in place with CINTAS for the storage of Council information. As part of this contract staff must sign a confidentiality agreement if they wish to visit the CINTAS site. This ensures that only approved individuals can access Council information at the CINTAS site.

a26. The Council has recently created a purpose built records management facility for the storage of its manual records. These were mainly social services records at the time of the audit.

a27. As part of the Council's RM facility, there is an associated RM database. The database is used by staff to recall boxes or files from the store and to request boxes and files are collected for storage at the RM facility. This enables real time tracking of council information. Quarterly reports are run to monitor which files are 'checked out' but there is no process in place to actively contact users who have not returned records to the RM facility.

Recommendation: Regularly monitor boxes and files which have been removed from the RM storage

facility to ensure files are returned in a timely manner and enable the early identification of any missing records.

Management response: Accept

Current procedures will be reviewed with the records manager at the corporate facility, and revised in the short term as necessary. In the longer term the database that is used will be replaced by the e-Leeds programme. The requirement for enhanced monitoring will be taken in to account when the new system is developed.

Implementation date: 01 May 2014

Responsibility: Joint responsibility between Records Manager, Corporate Records Management Facility, and Programme Manager, E-Leeds programme.

a28. The Council has multiple sites, some purpose built and some public buildings. There were varying security controls within each building, ranging from swipe card access to door code access, although codes are not always changed on a regular basis. All buildings visited (except one) required the visitor's book to be signed and visitor passes were checked.

Recommendation: Ensure all visitors to office buildings containing sensitive personal data are recorded in a visitor's book and ensure codes for doors with pin code access are regularly changed and this is recorded.

Management response: Accept.
The council will introduce procedures to ensure all buildings have a book to record and monitor visitors. The procedure will include instruction to change pin codes on a regular basis.

Implementation date: 01 September 2014.

Responsibility: Information Governance Manager, Corporate Information Governance team.

a29. The Council has a clear desk and clear screen policy. Spot checks for compliance with the policy are not routinely carried out in every department.

Recommendation: Implement a procedure for routine spot checking of compliance with the clear desk policy.

Management response: Accept.
An officer within the corporate IG team will be designated specific responsibility for co-ordinating monitoring of compliance with this and other IG policies. A procedure for spot checks for compliance with the clear desk and clear screen policy will be developed and implemented.

Implementation date: 01 September 2014.

Responsibility: Information Governance Manager, Corporate Information Governance team.

a30. Paperwork containing sensitive personal data is left in trays overnight in the Benefits Visitors' office as there are no lockable cupboards, although the office door is locked overnight.

Recommendation: Ensure all manual records containing personal data are locked away at the end of the day.

Management response: Accept.
With respect to the Benefits Visitors room, checks have been undertaken to ensure this room is locked daily and the service are providing a lockable cupboard to enable paperwork containing personal data to be locked away at the end of each day. Part of the procedures outlined in a28 will include instructions on when lockable storage should be provided and used within office space, and the council will assess the extent to which this is covered adequately in existing guidance. Monitoring of compliance will be included in broader work by the corporate IG team to monitor compliance with policy and procedure.

Implementation date: 01 September 2014. Note-lockable storage to be provided and in use within the Benefits visitors office by December 2013.

Responsibility: Assessment Unit Manager (Benefits) and Corporate IG team.

a31. Access to the Council's computer systems is controlled by role. The Council does not yet have a

Council wide electronic document management system (EDRMS). Staff are currently using a shared drive with files locked down by department and by role.

a32. In addition to the shared drive, social workers use the ESCR case management system. Access to the ESCR system is restricted until training has been completed. It is also restricted by team and sensitive files can be locked down (shielded) to specific staff members.

a33. ESCR has a limited in-built audit trail which cannot identify who has accessed a file or when it was accessed, but can identify changes to a file and by whom. To ensure access to ESCR is up-to-date a monthly report is produced which identifies any user who has not logged into the system for 6 weeks or more. Those identified have their access rights to ESCR revoked.

a34. It was reported that the children's social work team are subject to checks by the team manager and administration staff to ensure access rights to ESCR information remained role appropriate; auditors were unable to establish if this was standard practice throughout the Council.

a35. Auditors were informed that all staff with access to ESCR had to undertake and complete training before being granted access to the live system. It was also reported by all interviewees that passwords were subject to regular change.

a36. There is a system of peer checking for information being sent by post, and a safe haven fax procedure which staff interviewed were aware of.

a37. There are a variety of printers and multi-function devices (MFDs) in use at the Council. Some of the machines have 'follow-me' printing whereby a PIN number is required to retrieve print jobs and access features of the MFD.

Recommendation: Wherever available ensure that follow me printing is enabled. For devices which do not have follow me capabilities, introduce a system of spot checks to ensure information is not left on printers for any longer than necessary.

Management response: Accept.
Follow-me printing is currently the default for the majority of printers except where business units have requested an exception. The council will review these exceptions and re-instate follow-me printing where personal data is likely to be printed. Following this review, a system of spot checks and reporting will be introduced and implemented.

Implementation date: 01 June 2014.

Responsibility: Information Governance Manager, Corporate Information Governance team.

a38. There is a centrally managed function for the disposal of all redundant IT equipment. A log is kept

of all equipment, which is tagged and stored in a secure area until collection. Equipment is then securely transported and destroyed to Government standards by an approved third party contractor. The process is monitored throughout its lifecycle and destruction certificates are provided at the end.

a39. It was reported that the Council has adopted but has not fully embedded the Government's Protective Marking Scheme (GPMS) as the scheme is currently under review. It intends to implement the Government's new protective marking scheme once it has been approved.

Recommendation: Ensure that the protective marking scheme is implemented as soon as is practicable.

Management response: Partially accept.

The Council has been waiting for the new classification from central Government, and has taken the decision to adopt the new classifications. We will be implementing the new protective marking scheme for all staff who use secure email. Testing of relevant software is planned for w/c 25th November and depending on the outcome of testing, a delivery plan will be developed for users of secure email.

Implementation date: 01 June 2014

Responsibility: Information Governance Manager, Corporate Information Governance team.

a40. The Council has an incident reporting procedure; interviews demonstrated that there is a good awareness of the reporting procedure among staff at all levels.

a41. Business Continuity and Disaster Recovery is in place for critical systems and testing is completed in line with an agreed schedule.

a42. The Council has a Records Retention and Disposal Policy which details how records will be created, stored and destroyed and there is a corporate retention and disposal schedule. However, interviews confirmed that five of the twenty-six sections of the schedule have yet to be signed off, and that the schedule has yet to be fully implemented for manual and electronic records across the Council.

Recommendation: Ensure that the retention schedule is finalised and implemented as soon as is practicable.

Management response: Accept.

The council will continue to define the work and resources required to implement the retention schedules. All schedules to be finalised and published, and delivery plans agreed by 01 June 2014.

Implementation date: 01 June 2014.

<p>Responsibility: Corporate Records Manager, Corporate Information Governance team.</p>	<p>a43. The Council has a contract in place with a professional waste disposal company for the destruction of confidential waste for which a certificate of destruction is provided.</p>
<p>a44. It was reported that there are still some office areas where open bags are used for storing confidential waste, despite lockable containers being available if requested.</p>	<p>Recommendation: Ensure that offices which are using unsecured confidential waste bags are provided with the standard lockable containers which are part of the confidential waste contract.</p>
<p>Management response: Partially accept. The council will review its policy regarding the use of confidential waste bags and assess whether a change in policy is required. Concurrently, an audit will be conducted to check where unsecured confidential waste bags are in use and then lockable containers will be provided where relevant, in accordance with policy.</p>	<p>Implementation date: 01 April 2014.</p> <p>Responsibility: Joint responsibility between Corporate Information Governance team and Civic Enterprise Leads (responsible for management of contract).</p>

a45. Members of staff with responsibility for third party contracts carry out security visits to ensure compliance with the 7th Data Protection principle.

a46. Some areas, such as children’s social services, have shredders instead of a confidential waste bin. Auditors inspected a number of shredders and ascertained that not all Council shredders are cross-cut shredders, including the one in children’s social services. This is not a fully secure method of disposal, particularly in relation to sensitive personal data.

Recommendation: Carry out an audit of shredders and consider the introduction of cross-cut shredders for sensitive personal data, or the use of locked confidential waste bins with subsequent secure in-house or third party destruction.

Management response: Accept.
As per a44, a review of policy will be undertaken and information about shredder use will be collected as part of the audit outlined. LCC will consider the introduction of cross-cut shredders or confidential waste bins as appropriate.

Implementation date: 01 April 2014.

Responsibility: Joint responsibility between Corporate Information Governance team and Civic Enterprise Leads (responsible for management of contract).

a47. Auditors were informed that ESCR does not have the functionality to implement automatic weeding. Staff informed auditors it can take up to an hour to manually remove a record from ESCR; removing a record from ESCR involves physically reviewing each case and deleting information field by field within each screen containing personal data. Therefore weeding of the ESCR system is time consuming and inefficient. However, the Council plans to introduce new social work casework systems over the coming year which contain the functionality to automatically weed records and should therefore rectify this problem.

Recommendation: Ensure ESCR files transferred to new casework systems are appropriately weeded in line with the Council's retention schedule.

Management response: Accept. Prior to the implementation of both the Children's and Adult's casework systems a full review of the data to be migrated has been undertaken; including the data quality and retention of records. This will ensure that only those records which fall within the Council's retention schedule will be migrated onto the new systems. This work was concluded for Children's Services on 11/11/2013 when the new casework system went live. The review of data is still on-going in Adult Social Care, with a go-live date of 01/06/2013. Both Children's and Adult's new casework systems have the functionality for automatic review and deletions and are fully integrated with EDRM systems, enabling the review

and deletion of attachments in line with the Council's retention schedule.

Implementation date: 01 June 2014.

Responsibility: Jointly- Chief Officer, Partnership Development and Business (Children's Services), and Chief Officer, Learning Disabilities (Adult Social Care)

a48. Service performance KPIs, including delivery timescales and volumes of records held, are being recorded, monitored and reported to the Senior Management Team by the Records Management facility. However, it was reported that these are not routinely reported to the IGMB.

Recommendation: Ensure that RM KPIs are routinely communicated to appropriate boards, including IGMB, from relevant sub groups.

Management response: Accept.

In order to address this recommendation, along with a49 and b4, the council will review current arrangements and establish suitable KPI's for all directorates, covering records management and all other aspects of the information governance framework. Following this, a system of monitoring, reporting, and communication of these KPIs will be implemented. In addition, the council will develop an assurance framework related to information risk and embedding policy. This will link with work on information asset management outlined under a6.

Implementation date: 31 December 2014

Responsibility: Head of Intelligence and Performance.

a49. Auditors were unable to establish whether Directorate level records managers or InCOs are made aware of, or report on, RM KPIs.

Recommendation: Establish suitable RM KPIs for all directorates and ensure these are appropriately reported within the IG structure.

Management response: Accept. This will be addressed as part of work to meet recommendations a48 and b4.

Implementation date: 31 December 2014.

Responsibility: Head of Intelligence and Performance.

a50. Auditors were provided with evidence of Privacy Impact Assessments (PIAs) being carried out. These were based on ICO guidance.

a51. However, staff informed auditors that PIAs were not fully embedded as the Council is awaiting updated PIA guidance to be published by the ICO before rolling out PIAs across the Council.

Recommendation: Ensure that PIAs are embedded across the Council at the implementation stage of any projects involving the processing of personal data.

Management response: Accept. Following the conclusion of the ICO consultation and any subsequent changes to the PIA process, the Council will embed PIA's in to the project management framework.

Implementation date: 01 June 2014.

Responsibility: Information Governance Manager, Corporate Information Governance team.

7.2 Scope: Security of personal data. The technical and organisational measures in place to ensure that there is adequate security over personal data held in manual or electronic form.

Risk: Without robust controls to ensure that personal data records, both manual and electronic, are held securely in compliance with the DPA, there is a risk that they may be lost or used inappropriately, resulting in regulatory action against, and/or reputational damage to, the organisation, and damage and distress to individuals.

b3. There is no formalised reporting to the IGMB of IG KPIs (Breaches / SARs / Records Management / IT security incidents etc.) from the four sub-boards that sit under it. However, there is a standing item on IGMB agenda for sub-group updates, which can either be verbal or in a brief report.

b4. Although the IGMB meeting minutes are published on the intranet there is no requirement for formal reporting of KPIs to the SIRO, the Risk and Performance Board or Internal Audit. However, IG issues can be raised through the IG team’s Executive Officer at his regular monthly meetings with the SIRO.

b1. There is an appropriate Information Governance Framework (IGF) in place for overseeing information security in the Council, including a current work plan of IG requirements and allocated IG roles and responsibilities, from the SIRO down. This is overseen by the IG team, who provide a corporate information governance function.

b2. IGMB leads on all IG related issues. It approves policy and provides guidance, standards and good practice in relation to IG. The Board comprises of senior staff from throughout the Council but its Terms of Reference (TOR) do not require the SIRO or the IT Security Officer (ITSO) to attend. In addition, the IGMB TORs provided for review are still marked-up as a draft.

Recommendation: Formalise a process for ensuring IG KPIs are reported to the IGMB from its sub-boards and these are recorded and formally reported back to both the SIRO and the Risk and Performance Board and/or Internal Audit.

Management response: Accept.
This will be addressed as part of work to meet recommendations a48 and a49.

Implementation date: 31 December 2014.

Responsibility: Head of Intelligence and Performance.

b5. There is an IKM / ICT Liaison Group which provides a formalised forum to maintain oversight of

information security and links the IG team with the ICT team. The Group is alternately chaired by the Head of Intelligence and Performance and Head of ICT Strategy, Architecture and Commissioning. Members include the IG Executive Officer and the IG Manager. Meeting minutes reviewed demonstrate technical issues relating to information security are regularly discussed, with risks identified and actions and owners allocated as appropriate. Key issues from this forum are escalated to the IGMB.

b6. The ITSO is not a permanent member of this group, but does have regular, informal monthly meetings with the IG Manager.

Recommendation: Consider making the IT Security Officer a permanent member of the IKM /ICT Liaison Group so there is a clear reporting line to the SIRO, as recommended in the Local Public Service Data Handling Guidelines.

Management response: Accept.

The IT Security Officer will be added to the membership list of the IKM / ICT Liaison Group.

Implementation date: Immediate.

Responsibility: Head of Intelligence and Performance.

b7. The IGF acknowledges that the corporate ICT team play a major role in the delivery of information assurance throughout the Council. ICT endeavours

to adhere to a number of recognised industry standards for information security, including ISO/IEC 27001, although this has not been extended to formal accreditation. A gap analysis has been undertaken on ITIL processes to benchmark existing processes against best practice standards.

b8. A key requirement for IT security is the necessity to comply with the GCSx Code of Connection, which entails annual self-assessment by the Council. The Council also complete the NHS IG toolkit and attained Level 2 in their 2012/13 assessment.

b9. The Council is currently developing a SIRO toolkit, based on the NHS IG toolkit, to enable IAOs to provide annual assurance to the SIRO on information security.

b10. The Principal Risk Management Officer is responsible for co-ordinating all strategic risk management arrangements. The strategic risk register comprises the most significant and cross-cutting corporate risks and includes Information Management. Corporate risks are reviewed quarterly by the Risk and Performance Board (which consists of senior managers from all directorates) and considered alongside other strategic management information by the Corporate Leadership Team (CLT) and elected members.

b11. New risks are proposed for inclusion in the corporate risk register through an escalation route

and approved or rejected by CLT. These stem from risk registers kept at directorate, service and project level. Service areas with high risk, for example Adult's and Children's, include IG on their directorate risk registers. An additional corporate risk relates to ICT failure; this identifies existing controls, such as firewalls, anti-virus software and access controls, to mitigate threats to the Council's network.

b12. All ICT projects must have a project risk register in order to comply with PRINCE2 methodology adopted by the Council.

b13. The Information Risk Management Policy makes it clear InCOs are responsible for co-ordinating the information risk management process within their directorate. InCOs should review the results of risk assessments submitted by IAOs but IAOs interviewed were not aware of these assessments and are therefore unable to provide this assurance.

Recommendation: Ensure a formal information security risk assessment and management programme for all information assets on the Information Asset Register has been documented, is implemented by IAOs and regularly monitored and reviewed.

Management response: Accept.

This will be addressed as part of work outlined in response to recommendation a6.

Implementation date: 01 October 2014.

Responsibility: Information Governance Manager, Corporate Information Governance team.

b14. There is an internal audit planning cycle which takes account of areas of IG risk identified in Directorate and Service risk registers. Specific IG/DP risks have not recently been audited but IG compliance testing is embedded into areas of most audits. All internal audit reports go to both the Corporate Leadership team and the Corporate Governance and Audit committee.

b15. Internal Audit undertook a review of the IG department in 2009/10. A follow-up to this in 2011/12 showed most actions had been implemented or were 'work in progress'. One outstanding risk is that IAOs are not risk assessing information assets and reporting their findings to the SIRO.

Recommendation: Ensure on-going IG work continues to address actions identified in the 2011/12 Internal Audit follow-up review of the effectiveness of the IG team.

Management response: Accept.

The IG team will undertake a further review of this audit and will ensure any outstanding issues are programmed in to the work programme for next year.

Implementation date: 01 March 2014.

Responsibility: Executive Officer, Information Governance.

b16. A robust Information Security Policy (ISP) sets out the importance of information security and informs staff of their expected duties in relation to security. All employees interviewed were aware of the sensitivity of personal data and their responsibilities for protecting it.

b17. All IG policies have recently been reviewed and updated as necessary by IGMB and other relevant Council groups, and are endorsed by the SIRO. However, both the IS policy and DP policy provided for review did not have a review date on their cover sheet.

Recommendation: Ensure the cover sheet of all IG policies is completed with the latest review date.

Management response: Accept.
The IG team will co-ordinate work to check all policies and ensure the metadata is complete and up to date.

Implementation date: 31 December 2013.

Responsibility: Corporate Records manager, Corporate IG team.

b18. The ISP is mapped to the overarching IGF document and makes it clear it should be read in association with other IG policies, including the Password policy, Removable media / mobile computing policy and the Electronic Communications Code of Practice. However, the ISP does not name these policies or provide a link to them.

Recommendation: Ensure the ISP is linked to the relevant suite of IG policies to ensure staff are clear which policies are associated with it.

Management response: Accept.
The Council will ensure the ISP is linked to the relevant suite of IG policies.

Implementation date: 31 December 2013.

Responsibility: Corporate Records Manager, Corporate IG team.

b19. The Council maintain a comprehensive IT hardware asset register which details all PCs, laptops and mobile devices. Assets are tagged and bar-coded and suitable software is employed to manage the life-cycle of hardware and software assets, including owners, software license registration and applications installed.

b20. The Council allow staff to 'Bring Your Own Device' (BYOD) for certain smartphones, which, like all mobile media, are logged and managed centrally by the IT service desk.

b21. There is an on-going work programme 'Changing the Workplace' which introduces 'hot desking' and 'remote working'. Laptops have wireless networking enabled and a Virtual Private Network client to enable secure connection to the Council network when working remotely.

b22. The Council has a robust Information Security Incident Management Policy which contains details of what an information security incident is and details of security incident management procedures.

b23. There is a clear reporting mechanism for both DP and IT breaches with staff initially reporting to line managers who will then discuss severity with InCOs, who maintain a Directorate Breach Log. Serious incidents are immediately escalated to the IG Manager and Legal, who will make the decision on whether to inform the ICO.

b24. The IG manager is responsible for oversight of all Directorate Breach Logs and will work with Directorates to identify trends, record lessons learnt and formulate actions, if required. An annual breach report is provided to the SIRO.

b25. Staff interviewed were clear about the importance of reporting DP and IT breaches to their line manager.

b26. The Council are conducting a review of all 3rd party contracts to ensure that data protection

requirements are appropriately specified. Guidance has been issued to managers to ensure DP and any other relevant IG requirements are specified in contracts.

Recommendation: Continue the review of all Council contracts to ensure that data protection requirements are appropriately specified within them.

Management response: Accept.

The new contract management framework (which incorporates data protection requirements) has been published and a corporate training programme is in development. The council will train all relevant staff and implement a system of checks on a sample of contracts to monitor whether data protection requirements are appropriately specified and contractors are being monitored within contracts.

Implementation date: 31 December 2015 (the corporate training programme is a 2 year programme).

Responsibility: Joint responsibility between Information Governance Manager (Corporate IG team), and Executive Manager (Legal and Commercial)

b27. The Council's standard 'terms and conditions' have been reviewed and specific indemnity clauses in relation to security breaches have been drafted. These include a clause to ensure 3rd parties

promptly notify the Council of any breach of specified security measures.

b28. Contract monitoring arrangements are in the process of being strengthened and formalised. A series of templates and self-assessment questionnaires have been developed to assist in this area.

b29. The procurement process is also being strengthened and formalised to include a requirement to consult with technical experts where a project involves the creation of, or change to, IT systems. Guidance for the new process makes it clear that technically proficient staff are to be included at all stages of procurement where relevant.

b30. An internal audit report of the 3rd party contract for disposal of hardware assets identified three weak areas which have since been assessed and mitigated.

b31. Details of staff starters and leavers are monitored by HR and the SAP database is updated accordingly. SAP links directly to Microsoft's Active Directory (AD), which will automatically set up a basic user account to be active on the start date specified. A 'leaver action' on SAP will set a marker which informs ICT to close that login. The account is suspended immediately staff leave and after 30 days both email and Windows accounts are removed from the system.

b32. Passwords to the standard desktop environment are required to be complex in all cases, with up to 45 days before forced renewal. However, it was reported that passwords to access some databases, including Orchard and Paris, do not have a forced password change and consequently do not conform to the password management policy.

Recommendation: Review password access to all databases to ensure they comply with enforced change and complexity rules as required by the password management policy.

Management response: Partially accept.

The core password policy is applicable when accessing the majority of databases. In addition, the council deploys 'single sign-on' software to reduce the risks inherent in managing multiple passwords. The council will review databases where the password policy is currently not controlled by the core policy, and assess where improved password rules are required.

Implementation date: 01 July 2014.

Responsibility: IT Security Officer.

b33. User access is role based for the Academy and iClipse applications and can be limited to 'read only' screens in order to restrict access to sensitive personal data.

b34. Line managers are required to inform network administrators of starters and leavers but notification of staff who have moved departments is sometimes overlooked. Systems administrators in the Systems Support Team in Welfare and Benefits manage their own spreadsheets for inactive accounts. These are reviewed on a monthly basis, which should identify movers, but this is not as robust as it could be in identifying movers.

Recommendation: There is a risk that staff who have moved departments within the Council are not promptly removed from access to databases containing personal data which they no longer require. Ensure HR provide systems administrators with a list of staff who have moved departments to cross reference against staff access rights.

Management response: Accept.

The Corporate IG team will co-ordinate work to review current procedures and develop an action plan to address issues.

Implementation date: 01 October 2014.

Responsibility: Information Governance Manager, Corporate IG team.

b35. Periodic procedures are in place to confirm that database and system administrators still have an on-going entitlement to this role.

b36. If a member of staff has not logged into the Customer Relationship Manager (CRM) database for more than 3 months then access will be automatically denied. If this happens, staff have to be retrained in using the CRM system before access permissions are renewed.

b37. Encryption software has been applied to all portable media including laptops, pda's, usb memory sticks and smartphones.

b38. Portable devices are automatically updated with the latest anti-virus signatures when they are connected to the network.

b39. Only portable media on the Council's whitelist i.e. trusted devices, can be connected to the network.

b40. Secure email transmission is available to all staff who have a GCSx account.

b41. The Council deploy email monitoring software to help prevent data loss, check for viruses and block inappropriate content.

b42. The Council are in the process of introducing software to ensure all GCSx email sent from the Council is subject to the Government's Protective Marking classification scheme.

b43. The Council have introduced an internally hosted secure file transfer system for sending

restricted documents to organisations not on the GCSx network.

b44. Users' ability to save data to the local (C) drive of laptops has not been revoked, although administrator rights are locked down.

Recommendation: Review the risks of laptop users being able to save data to their local C drive. This unstructured data is not automatically backed up and therefore may not conform to Council retention policies and is not searchable for information requests.

Management response: Accept.
The IG team will lead a review of the risks and benefits associated with laptop users being able to save data to local C drive. A report will be produced to be considered by ICT/IKM Liaison group, and any recommendations from this group will be communicated to IGMB.

Implementation date: 01 July 2014.

Responsibility: Information Governance Manager, Corporate IG team.

b45. The Council have a comprehensive Remote Working policy and staff are required to sign a home working agreement. The policy includes appropriate reference to information security requirements.

b46. Controls have been applied to protect the security of data in the homeworking environment. Remote access to corporate systems is via a secure Virtual Private Network (VPN) requiring two factor authentication.

b47. Staff working from home on a full time basis have received additional briefings on security, together with a home audit. Benefits appeals staff, who require appeals documents at home, are provided with lockable cabinets.

b48. Some agile Council staff carry manual paper files containing sensitive personal data which is taken home overnight. These staff do not appear to have been issued with lockable cabinets.

Recommendation: Ensure staff storing personal data at home are provided with a secure lockable cabinet as detailed in the Remote Working Policy.

Management response: Partially accept.
The Remote Working Policy outlines that the council will assess the work style of the employee and will provide equipment to enable access to LCC systems in accordance with the agreed workstyle. It specifies that a lockable cabinet should be in use where information is 'Restricted' or above, however it does not commit the Council to providing this equipment in all cases. The Council will ensure staff who are 'home based'- i.e. those who work from home as their main location - are provided with suitable lockable storage where required. Remote workers

who are not home based will not be provided with lockable cabinets by the council. To minimise/ reduce risks, employees are instructed to only take files out of the office which are actually needed, and to ensure that they are stored out of sight / securely. The Information Governance team will assess the consistency and adequacy of existing guidance regarding taking files home, and security at home and in transit. Guidance will be reviewed and amended if necessary.

Implementation date: 01 May 2014.

Responsibility: Information Governance Manager, Corporate IG team.

b49. Staff are allowed to use approved smartphones to access the Council network. Email and calendar services are provided over a secure encrypted connection. This is managed by the ICT service desk, who have the ability to remotely wipe devices if they are lost.

b50. There are robust network controls and procedures in place to ensure that the confidentiality and integrity of personal data is maintained. Anti-virus, firewalls and operating systems are effectively maintained by the ICT Server Team and the security team, and security vulnerabilities are promptly acted upon. Vulnerabilities are reported at management team meetings.

b51. Intrusion Prevention Systems have been deployed on the network and are regularly monitored. In addition, Data Loss Prevention (DLP) software is used to ensure end point control.

b52. The network is subject to regular health checks and penetration testing by both in-house staff and independent 3rd parties.

b53. Network and system settings are subject to rigorous change control procedures and the effectiveness of these procedures is tested and monitored. Audit logs are enabled on the corporate network and also routinely monitored.

- 7.3 The agreed actions will be subject to follow up to establish whether they have been implemented.
- 7.4 Any queries regarding this report should be directed to Chris Littler, ICO Good Practice.
- 7.5 During our audit, all the employees that we interviewed were helpful and co-operative. This assisted the audit team in developing an understanding of working practices, policies and procedures. The following staff member was particularly helpful in organising the audit:

Andrew Nutting – Executive Officer, Information Governance Department.

Report of the Chief Officer (Audit & Investment)

Report to Corporate Governance and Audit Committee

Date: 21st January 2014

Subject: Internal Audit Update Report 1st September to 30th November 2013

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary of main issues

1. The Corporate Governance and Audit Committee has responsibility for reviewing the adequacy of the Council's Corporate Governance arrangements. Reports issued by Internal Audit are a key source of assurance providing the Committee with some evidence that the internal control environment is operating as intended.
2. This report provides a summary of internal audit activity for the period 1st September to 30th November 2013 and highlights the incidence of any significant control failings or weaknesses.

Recommendations

3. The Corporate Governance and Audit Committee is asked to receive the Internal Audit 1st September to 30th November 2013 update report and note the work undertaken by Internal Audit during the period covered by the report.

1 Purpose of this report

- 1.1 This purpose of this report is to provide a summary of internal audit activity for the period 1st September to 30th November 2013 and highlight the incidence of any significant control failings or weaknesses.

2 Background information

- 2.1 The Corporate Governance and Audit Committee ('the Committee') has responsibility for reviewing the adequacy of the Council's Corporate Governance arrangements. Reports issued by Internal Audit are a key source of assurance providing the Committee with some evidence that the internal control environment is operating as intended.

3 Main issues

- 3.1 The report details the work undertaken by the Internal Audit Section. The report also contains a summary of completed reviews along with their individual audit opinions.
- 3.2 There are no issues identified by Internal Audit in the September to November 2013 Internal Audit Update Report that would necessitate direct intervention by the Corporate Governance and Audit Committee.
- 3.3 Internal Audit will continue to undertake a follow up audit on reports with limited or no assurance or where the impact has been determined as 'Major' to ensure the revised controls are operating well in practice.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 This report did not highlight any consultation and engagement considerations.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 This report does not highlight any issues regarding equality, diversity, cohesion and integration.

4.3 Council policies and City Priorities

- 4.3.1 The terms of reference of the Corporate Governance and Audit Committee require the Committee to review the adequacy of the Council's corporate governance arrangements. This report forms part of the suite of assurances that provides this evidence to the Committee.

4.4 Resources and value for money

- 4.4.1 In relation to resources and value for money, the Internal Audit work plan includes a number of value for money reviews and a number of initiatives in line with the council's value of spending money wisely. These will be included in the regular update reports to the Committee.

4.5 Legal Implications, Access to Information and Call In

4.5.1 None.

4.6 Risk Management

4.6.1 The Internal Audit plan has been and will continue to be subject to constant review throughout the financial year to ensure that audit resources are prioritised and directed towards the areas of highest risk. This process incorporates a review of information from a number of sources, one of these being the corporate risk register.

5 Conclusions

5.1 There are no issues identified by Internal Audit in the September to November 2013 Internal Audit Update Report that would necessitate direct intervention by the Corporate Governance and Audit Committee.

6 Recommendations

6.1 The Corporate Governance and Audit Committee is asked to receive the Internal Audit September to November 2013 Update Report and note the work undertaken by Internal Audit during the period covered by the report.

6.2 The Corporate Governance and Audit Committee is also asked to note the intended focus for the Internal Audit Plan for 2014/15.

7 Background documents

7.1 None.

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**Internal Audit Update Report
1st September to
30th November 2013**

Internal Audit Update Report 1st September to 30th November 2013

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3. AUDIT PERFORMANCE

Section 1

INTRODUCTION

1.1 The Reporting Process

1.1.1 This update report provides stakeholders, including the Corporate Governance & Audit Committee, with a summary of internal audit activity for the period 1st September to 30th November 2013.

1.2 Background

1.2.1 The changing public sector environment continues to necessitate an ongoing re-evaluation of the type & level of coverage required to give stakeholders the appropriate level of assurance on the control environment of the Council.

1.3 Progress against the 2013/14 Operational Plan – High Level

1.3.1 The following table shows the progress against the operational plan for the period 1st April to 30th November 2013, broken down by assurance block.

1.3.2 Achievement against the Total Audit Days element of the audit plan is currently at 61%. Additional days have been required for staff seconded elsewhere across the council to work on council priorities and there has been a reduction in resources due to one member of staff leaving and one member of staff moving to part-time hours.

1.3.3 Internal Audit continues to respond to priorities and in relation to anti-fraud and corruption work, there has been a high number of referrals received during the year and a complex fraud case that has been resource intensive.

1.3.4 Internal Audit is actively managing resources to direct these towards the areas of highest risk to ensure that there is not a negative impact on the ability of the Section to provide the coverage necessary to support the Head of Internal Audit opinion on the authority's control environment.

Assurance Block	Total Days per Audit Plan 2013/14	Days spent at 30 th November 2013	% completion at November 2013
Financial Resource Risks			
Spending Money Wisely	695	507	73%
Anti-Fraud and Corruption	600	710	118%

Assurance Block	Total Days per Audit Plan 2013/14	Days spent at 30 th November 2013	% completion at November 2013
Financial and Other Key Systems	810	445	55%
Head of Audit Assurances	65	49	75%
Compliance	504	294	58%
Procurement, Performance and Improvement	375	217	58%
Risk Based Audits	345	191	55%
ICT	350	120	34%
Total Financial Resource Risks	3,744	2,533	68%
Strategic Risks			
Compliance	97	48	50%
Policies and Procedures	38	4	9%
Risk Based Audits	40	0	0%
ICT	55	0	0%
Total Strategic Risks	230	48	21%
Continuing Development			
Professional Liaison	28	3	11%
Training and CPD	305	74	24%
Total Continuing Development	333	77	23%
Contingency			
General Contingency	280	138	49%
Total Contingency	280	138	49%
Total Audit Days	4,587	2,796	61%

In addition, the audit plan also included days for the following:

Audit Area	Total Days per Audit Plan 2013/14	Days spent at 30 th November 2013	% completion at November 2013
External Contracts	634	520	82%
Secondments	506	586	116%
Total Days	1,140	1,106	97%

1.4 How Internal Control is reviewed

1.4.1 There are three elements to each internal audit review. Firstly, the control environment is reviewed by identifying the objectives of the system and then assessing the controls in place mitigating the risk of those objectives not being achieved. Completion of this work enables internal audit to give an assurance on the control environment.

1.4.2 However, controls are not always complied with which in itself will increase risk, so the second part of an audit is to ascertain the extent to which the controls are

being complied with in practice. This element of the review enables internal audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.

- 1.4.3 Finally, where there are significant control environment weaknesses or where the controls are not being complied with and only limited assurance can be given, internal audit undertakes further substantive testing to ascertain the impact of these control weaknesses.
- 1.4.4 To ensure consistency in audit reporting, the following definitions of audit assurance are used for all systems and governance audits completed:

Control Environment Assurance		
Level		Definitions
1	SUBSTANTIAL ASSURANCE	There are minimal control weaknesses that present very low risk to the control environment.
2	GOOD ASSURANCE	There are minor control weaknesses that present low risk to the control environment.
3	ACCEPTABLE ASSURANCE	There are some control weaknesses that present a medium risk to the control environment.
4	LIMITED ASSURANCE	There are significant control weaknesses that present a high risk to the control environment
5	NO ASSURANCE	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.

Compliance Assurance		
Level		Definitions
1	SUBSTANTIAL ASSURANCE	The control environment has substantially operated as intended although some minor errors have been detected.
2	GOOD ASSURANCE	The control environment has largely operated as intended although some errors have been detected.
3	ACCEPTABLE ASSURANCE	The control environment has mainly operated as intended although errors have been detected.
4	LIMITED ASSURANCE	The control environment has not operated as intended. Significant errors have been detected.
5	NO ASSURANCE	The control environment has fundamentally broken down and is open to significant error or abuse.

- 1.4.5 Organisational impact will be reported as either major, moderate or minor. All reports with major organisational impacts will be reported to CLT along with the appropriate directorate's agreed action plan.

Organisational Impact		
Level		Definitions
1	MAJOR	The weaknesses identified during the review have left the

Organisational Impact		
Level	Definitions	
		council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
2	MODERATE	The weaknesses identified during the review have left the council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
3	MINOR	The weaknesses identified during the review have left the council open to low risk. This could have a minor impact on the organisation as a whole.

1.4.6 Specifically for the compliance reviews undertaken, the following definitions have been used to assess the level of compliance in each individual area reviewed:

Opinion for Compliance Audits – Levels of Compliance		
Level	Definitions	
1	HIGH	There was significant compliance with agreed policy and/or procedure with only minor errors identified.
2	MEDIUM	There was general compliance with the agreed policy and/or procedure. Although errors have been identified these are not considered to be material.
3	LOW	There was limited compliance with agreed policy and/or procedure. The errors identified are placing system objectives at risk.

1.5 Progress against the 2013/14 Operational Plan – Individual Reviews

1.5.1 The individual reports, and the opinions given within those reports, are detailed in the following table. Not all audit reviews will have an opinion in each of the boxes as this is dependant on the type of review undertaken. The following table includes reports issued between 3rd September and 30th November 2013 (reports issued up to 2nd September 2013 have been included in previous update reports to Corporate Governance and Audit Committee.)

Report Title	Audit Opinion			Directorate	Date Issued
	Control Environment Assurance	Compliance Assurance	Organisational Impact		
Financial and Other Key Systems					
Housing Benefit and Council Tax Benefit Year End Reconciliation	N/A	Substantial	N/A	Strategy and Resources	03/09/2013
Housing Rents Year End Reconciliation	N/A	Substantial	N/A	Strategy and Resources	10/09/2013

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Report Title	Audit Opinion			Directorate	Date Issued
	Control Environment Assurance	Compliance Assurance	Organisational Impact		
Capital Programme Central Controls	Good	Good	Minor	Strategy and Resources	28/10/2013
Spending Money Wisely					
Spending Money Wisely Challenge – January 2013	N/A	Medium	N/A	Cross - Cutting	12/09/2013
Spending Money Wisely Challenge – February and March 2013	N/A	Medium	N/A	Cross - Cutting	24/09/2013
Procurement, Performance and Improvement					
Learning and Development Contract	Acceptable	Acceptable	Minor	Strategy and Resources	09/09/2013
Beckett Park Refurbishment Capital Review	Good	Acceptable	Minor	Children's Services/City Development	26/09/2013
Tender Evaluations	Acceptable	Acceptable	Minor	Strategy and Resources	29/10/2013
Risk Based Reviews					
Client Monies – Learning Disability Community Support Service	Good	Joseph Court – Limited	Moderate	Adult Social Care	09/10/2013
		Westerton 'A' – Acceptable			
		Albert Court - Good			

Compliance Area	Report Title	Level of Compliance Assurance	Directorate	Date Issued
Compliance Reviews				
Policies and Procedures	Overtime Payments	Medium	Children's Services	12/09/2013
	Sale of Land and Property	High	City Development	27/09/2013
	Fees to Carers	Medium	Adult Social Care	24/10/2013
	Entertainments Licensing	High	Strategy and Resources	24/10/2013
	Nursery Fees	Low	Children's Services	31/10/2013
	Income from Library Fines	Medium	City Development	06/11/2013
	Performance Related Payments	High	Cross - Cutting	12/11/2013
	Income from Sports Fees	High	City Development	12/11/2013
Expenditure	Bought in Professional Services	High	Environment and Housing	24/10/2013

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Compliance Area	Report Title	Level of Compliance Assurance	Directorate	Date Issued
	Bought in Professional Services	High	City Development	24/10/2013
	Other Hired and Contracted Services	High	City Development	06/11/2013
	Other Hired and Contracted Services	Low	Environment and Housing	12/11/2013
Unannounced Visits	Radcliffe Lane Day Centre	High	Adult Social Care	27/09/2013

Report Title	Results/Opinion	Directorate	Date Issued
Head of Audit Assurances			
Chapel Allerton Primary School Voluntary Fund	Certification of Account Balances	Children's Services	10/09/2013
Adel St John the Baptist CE Primary School Voluntary Fund	Certification of Account Balances	Children's Services	22/10/2013
Troubled Families Grant Claim	Grant Conditions complied with	Children's Services	25/10/2013
Seacroft Grange Primary School Voluntary Fund	Certification of Account Balances	Children's Services	29/10/2013
Whitecote Primary School Voluntary Fund	Certification of Account Balances	Children's Services	21/11/2013
Holy Name Primary School Voluntary Fund	Certification of Account Balances	Children's Services	26/11/2013
Temple Moor High School Science College Voluntary Fund	Certification of Account Balances	Children's Services	28/11/2013

Further details of key issues identified within each assurance block are included below in the *Summary of Audit Activity and Key Issues at Section 2*.

Section 2

SUMMARY OF AUDIT ACTIVITY AND KEY ISSUES

A summary of reports issued within each assurance block is included in the table in Section 1. The following section highlights any key issues and outcomes within each assurance block.

2.1 Financial and Other Key Systems

Write-offs over £5k: report to Financial Performance Group

- 2.1.1 The Chief Officer, Audit and Investment asked Internal Audit to review 28 write offs (over £5k) which had been submitted to the Financial Performance Group (FPG) following the meeting in June 2013 to ensure there was an adequate reason for write off and that recovery action had sufficiently taken place prior to write off.
- 2.1.2 In line with Financial Procedure Rules (FPRs) Appendix K, part B, 'Any write-off of individual or cumulative debts due from a single debtor with a value over £5,000 must be approved by the Director of Resources'.
- 2.1.3 The Sundry Income Enforcement Section (SIES) seek approval for write offs over £10 from an authorised officer in line with the sub delegation scheme. Once these write offs are authorised they are written off in the Civica system.
- 2.1.4 Annually, each write off over £5k must have a report completed by the relevant service area summarising the type of debt and the reason for write off by the end of the financial year. The Principal Revenues Recovery Officer completes an annual report showing the level of write offs under/over £5k per Directorate. This report along with the individual service area reports are submitted annually (June) to be discussed at the Financial Performance Group (FPG). This allows each write off over £5k to be scrutinised and a write off can be reversed.
- 2.1.5 Of the 28 write offs reviewed:
- 16 related to instances where housing benefit overpayments had been identified. Housing Benefit overpayments are included as part of the annual Internal Audit coverage of Housing Benefits which provides assurance that adequate records are available to support overpayment write-offs. These were therefore excluded from this review;

- 3 write offs related to irrecoverable commercial rents. There was satisfactory evidence that the SIES tried to recover the commercial rents but were unsuccessful;
- The remaining 9 instances were sundry income cases which had been written off in Civica by SIES (following appropriate approval). The audit confirmed that for all 9 instances, sufficient recovery action had taken place and that all cases had been appropriately been referred for write off.

2.2 Spending Money Wisely

Ideas Service

2.2.1 During February 2013, Internal Audit agreed with the Corporate Communications Team to incorporate the staff suggestion scheme – introduced by the Chief Executive – into Internal Audit’s Ideas service. As at 30th November 2013, 561 ideas have been received and the following action has been taken by Internal Audit:

- 42% of ideas have had action taken by Internal Audit (items 1 – 5 in the table below)
- 53% of ideas have action planned (item 6 in the table below)
- The remaining 5% of ideas have been considered but cannot be progressed further (item 7 in the table below.)

Table 1 - Summary of ideas received (as at 30th November 2013)

No.	Action Taken	Number of Ideas	%
1	Ideas to be implemented/considered for implementation by Service/Directorate	6	1%
2	Ideas already implemented by Service/Directorate	20	3%
3	Idea already being considered by Service/Directorate	3	1%
4	Ideas in the process of being implemented by Service/Directorate	32	6%
5	<i>Ideas where Internal Audit has taken action but the outcome is not yet known:</i>		
	Being dealt with by Internal Audit ¹	105	19%
	Memos with details of ideas sent to Directorates for	65	12%

¹ Ideas ‘being dealt with’ by Internal Audit include ideas being considered as part of annual audit coverage or being reviewed in more detail by Internal Audit in their own right before determining the most appropriate course of action.

No.	Action Taken	Number of Ideas	%
	consideration – awaiting response		
	<i>Ideas where action is required:</i>		
6	Ideas to be sent to Directorates for consideration	92	13%
	Ideas to be sent to Directorates for information ²	209	40%
7	Ideas which have been considered (either by Service/Directorate/Internal Audit) but cannot be progressed further	29	5%
	Total Number of Ideas Received	561	100%

- 2.2.2 As well as corresponding individually with each member of staff to thank them for submitting their suggestion, feedback on ideas received and good practice guidance is provided for staff via updates to the Spending Money Wisely Blog. These are posted regularly.
- 2.2.3 There have been 16 posts on the Spending Money Wisely Blog to date, on a variety of topics such as staff ideas considered and the outcome, existing work across the council to save money and improve services, and best practice guidance on how to achieve value for money.
- 2.2.4 This initiative links in with the New Year Resolution work being undertaken to bring the council's values to life through Manager Habits, particularly Spending Money Wisely to *get the best deal on price and quality, and consider the council wide impact when making financial decisions;* and Working as a Team to *find new ways of working and embrace new technology, and make it ok to challenge and encourage new ideas.*

Spending Money Wisely Challenge

- 2.2.5 The aim of the monthly Spending Money Wisely Challenge review process is to raise awareness of Spending Money Wisely and embed this in the council's culture; and to act as a deterrent to staff against any spending that does not provide value for money.
- 2.2.6 The process involves selecting a sample of payments from the monthly lists of published payments (over £500). Officers who authorise the orders are asked to complete a questionnaire to explain how they have ensured their expenditure provides value for money, incorporating compliance with Contract Procedure Rules (CPRs).

² Ideas in this category are those where there is not enough detail to determine whether the idea can be progressed further or where the content is more feedback in nature.

2.2.7 In total 199 payments totalling £2,055,400 of expenditure were selected from the published payments lists of transactions over £500, covering July 2012 to March 2013 (£382,500 related to payments less than £10k and the remaining £1,672,900 related to transactions with values between £10k and £100k.)

2.2.8 The breakdown of expenditure by Directorate was as follows:

Directorate	Total Expenditure Reviewed
Adult Social Care	£321,500
Strategy and Resources/Citizens and Communities	£599,800
Children's Services	£242,700
City Development	£437,000
Environment and Housing	£454,400
Total value of transactions reviewed during Spending Money Wisely Challenge – July 2012 to March 2013	£2,055,400

2.2.9 In 160 instances (80%), the conclusion reached was that there was sufficient evidence to demonstrate that that value for money had been considered and obtained. For the remaining 39 (20%) transactions, there was scope for improvement in demonstrating that value for money had been considered and achieved through compliance with the council's policies and procedures including Contract Procedure Rules. These included, for example, instances where competition – in the form of three quotes - had not been sought in line with Contract Procedures Rules and nor had there been a waiver of Contract Procedure Rules to demonstrate how and why the course of action provided value for money for the council. In addition, there were examples where Internal Service Providers had not been used in line with the requirements of Contract Procedure Rules. However, there was only one instance where substantively value for money could not be determined.

2.2.10 During the reviews, a number of good practice examples were identified and reported and recommendations were made with the aim of improving compliance with Contract Procedure Rules to provide assurance that value for money has been considered.

2.3 Risk Based Reviews

Leaving Care

2.3.1 The findings of the Leaving Care audit were reported to the September Corporate Governance and Audit Committee.

- 2.3.2 With reference to the report at the Full Council meeting on the 13th November 2013, Councillor S Bentley asked for *'reassurance that, firstly, no young care leaver was disadvantaged by this lack of financial control and that in future all staff will be trained on the policy, guidance and criteria along with the proper budgetary control.'*
- 2.3.3 The Head of Finance (Children's Services) has provided confirmation that no young person will/has been disadvantaged, that staff will be properly trained and given guidance in the updated policies and procedures and that improved budgetary control procedures are now in place.
- 2.3.4 The Directorate are progressing the action plan agreed to address the recommendations made in the audit report. The Leaving Care financial policies, supporting documentation and procedures and training for staff are currently being re-written.
- 2.3.5 A follow up review will be undertaken by Internal Audit during March 2014 to assess progress towards implementation of the recommendations made in the audit report. The findings from this will be reported to Corporate Governance and Audit Committee.

Client Monies – Learning Disability Community Support Service (LDCSS): Joseph Court

- 2.3.6 Internal Audit finalised a review of the central policies and procedures for handling and monitoring customer monies within LDCSS in June 2012. The audit resulted in a limited assurance compliance opinion for 2 of the 4 establishments visited. The key areas where improvements were required can be summarised as maintenance of records; retention of documentation; approval for large items of expenditure; secure storage of cash; and effective monitoring.
- 2.3.7 A follow up review was undertaken to assess progress against the recommendations made. Two services were selected following the limited opinion awarded during the 2011/12 review (Westerton A and Albert Court.) An additional service was also selected for review – Joseph Court.
- 2.3.8 Good assurance on the control environment was provided for all the establishments reviewed. The Financial Management Policy has been approved and has incorporated many of the recommendations made during the 2011/12 review. In relation to compliance with the control environment, improvements had been made in the 2 establishments visited previously (Westerton A and Albert Court) but limited assurance was provided for Joseph Court.

2.3.9 Each establishment has agreed an action plan to address the recommendations made. Overall the establishments could increase their level of assurance by:

- fully completing customer income and expenditure plans;
- retaining full bank statements, cash cards and receipts for both income and expenditure;
- obtaining approval for large items of expenditure;
- carrying out effective monitoring.

2.4 Counter Fraud and Corruption

2.4.1 Referrals

Internal Audit received 30 new referrals between 1st September and 30th November 2013. The number of referrals received is increasing significantly.

26 of these were received under the Council's Whistleblowing and Raising Concerns Policies and 4 were received from individual service areas.

6 cases have been investigated and closed in the same period.

There are 24 on-going investigations:

- 12 cases are currently being investigated;
- 12 have been referred to a service or HR for investigation and the Audit team is awaiting their responses.

2.4.2 Reports Issued

The following reports have been issued in the period:

Subject	Date
Procurement	09/09/2013
Proactive exercise – staff parking permits	11/09/2013
Partner Organisation (see 2.4.3 – 2.4.5 for details)	01/10/2013
Household Waste Sites	08/11/2013
Establishment Income	25/11/2013

- 2.4.3 The key piece of work carried out in this assurance block involved an investigation and subsequent value for money work completed at a partner organisation. This work was carried out after proactive fraud exercises undertaken by Internal Audit identified potentially fraudulent creditor payments at the partner organisation. The identification of this issue prompted the need for a detailed audit investigation, the findings of which have been passed to the police. Internal disciplinary measures are currently in progress alongside this, and we are in regular liaison with the designated officer to support his enquiries.
- 2.4.4 During the course of the investigation work, Internal Audit noted a number of system weaknesses and opportunities to realise efficiencies. A further report was compiled to contain these findings and highlight the necessary key controls and value for money considerations going forward. These were presented in the form of a series of value adding recommendations that seek to safeguard the long term sustainability of the organisation.
- 2.4.5 In addition to the investigation and value for money work undertaken, Internal Audit has also supported the organisation on an operational basis to ensure the continuation of day to day functions throughout transition.

2.5 External Clients

Housing Partnerships Assurance Framework

- 2.5.1 Work on the former ALMOs audit plans is almost complete. Work is continuing on the Housing Partnerships Assurance Framework and should ensure that the audits undertaken address key risk areas in addition to the on-going advice and support throughout the housing management review/re-structure. Initial planning for the 2014/15 Housing Leeds audit plan has commenced and will be further developed in forthcoming months with key contacts. This should ensure the key risk areas are appropriately reviewed and the varied needs of the newly formed directorate are fully reflected.
- 2.5.2 Internal Audit have completed a number of reviews of evidence provided by the ALMOs/BITMO to support their self – assessments for tenancy fraud arrangements and estate environment. Where necessary, recommendations were made to improve processes in these areas. The following reports have been issued as part of the assurance framework

Subject	Date Issued
BITMO: Tenancy Fraud Shared Audit Self - Assessment	01/10/2013
BITMO: Self – Assessment of Estate Environment	08/10/2013

Subject	Date Issued
WNWHL: Self – Assessment of Estate Environment	31/10/2013
ENEHL: Self – Assessment of Estate Environment	31/10/2013
Aire Valley Homes Leeds: Housing Partnerships Tenancy Fraud Self - Assessment Shared Audit	22/11/2013

TdFHUB2014 Ltd

2.5.3 Internal Audit have been selected to provide audit services to TdFHUB2014 Ltd – the company responsible for overseeing the delivery of the first three stages of the 2014 Tour de France - and have provided proposals to their audit committee with the following audit coverage. These are planned to be undertaken during January to May 2014:

- Governance Arrangements
- Risk Management Review
- Grant Funding Review
- Follow up review of high priority recommendations made

2.6 *Corporate support*

2.6.1 In order to support corporate priorities, the Section continues to have a number of staff on secondment to various projects and programmes across the authority.

- One of the Section's trainees is currently on a 15-month secondment (ending in August 2014) to the Waste Management Project within Environment and Neighbourhoods;
- A member of staff has been providing support on a full time basis to Leeds and Partners since January 2013;
- A member of the business analysis team is currently seconded to another Directorate.

2.7 *Plan for 2014/15*

2.7.1 Initial work has commenced on the Annual Audit Plan for 2014/15. The Head of Audit must provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control. To support this, internal audit must develop and deliver a risk based plan which takes into account the organisation's risk management framework and includes an appropriate and comprehensive range of work, sufficiently robust to confirm

that all assurances provided as part of the system of internal audit can be relied upon by the Corporate Governance and Audit Committee.

2.7.2 To develop this plan, there must be a sound understanding of the risks facing the Council. The Corporate Risk Register will be used as a key source of information and the planning process for 2014/15 will again necessitate a thorough evaluation of the appropriate level and scope of coverage required to give stakeholders, including the Corporate Governance and Audit Committee, an appropriate level of assurance on the control environment of the Council. It is anticipated that the plan will follow the same principles as agreed in previous years i.e. based on assurance blocks that each give an opinion on the key control environment elements, targeted towards in year risks, rather than a more traditional cyclical approach that looks at each system over a number of years. For each assurance block, the most appropriate level of coverage necessary to provide the most effective annual assurance opinion and added value to the organisation will be developed. It is intended that audit assignments will be split between Financial Resource risks (i.e. those with a financial impact) and Strategic risks (i.e. non-financial impact reviews.)

2.7.3 The intended focus of the plan will be in the following areas:

- Key Financial Systems
- Compliance Audits
- Risk Based Audits
- Anti-Fraud and Corruption
- Procurement, Performance and Improvement
- Spending Money Wisely/Value for Money work

2.7.4 As highlighted in the Initial Budget Proposals for 2014/15, local government is operating in a very different environment to that in which it has operated previously, and it is clear that Councils will need to change, to become much more enterprising, entrepreneurial and responsive to their local communities, whilst retaining their role as major employers, service providers and democratically – mandated leaders. The current financial position continues to be very challenging and the challenge is significant. As recognised in the Initial Budget Proposals, the Council will continue to reduce in size. With the changes anticipated, it seems likely that the risks facing the Council will increase. It is important, therefore, that the Audit Plan includes sufficient coverage to ensure an evidence based assurance opinion on the control environment at the end of the year and is supported by an adequate level of resources to address risks as they continue to arise.

2.7.5 The detailed proposals for the Audit Plan for 2014/15 will be presented to the April 2014 Corporate Governance and Audit Committee.

Section 3

AUDIT PERFORMANCE 2013/14 At 30th November 2013

3.1 ENSURING QUALITY

Internal Audit is committed to delivering a quality product to the highest professional standards that adds value to our customers. We actively monitor our performance in a number of areas and encourage feedback from customers.

All our work is undertaken in accordance with our quality management system; we have now been ISO accredited for over fourteen years.

A customer satisfaction questionnaire (CSQ) is issued with every audit report. The questionnaires ask for the auditees opinion on a range of issues and asks for an assessment ranging from 5 (for excellent) to 1 (for poor). The results are based on the percentage of those assessments that are 3 (satisfactory) or above. The results of the questionnaires are reported to the Audit Leadership Team and used to determine areas for improvement and inform the continuing personal development training programme for Internal Audit staff. The results are also benchmarked with other core cities who have adopted the same questionnaire.

Results from Customer Satisfaction Questionnaires

Question	2013/14 Actual to date at 30 TH November 2013 - % Score 3 or above
Notice	97%
Scope	95%
Understanding	98%
Efficiency	97%
Consultation	100%
Professional/Objective	100%
Accuracy of Draft	98%

Question	2013/14 Actual to date at 30TH November 2013 - % Score 3 or above
Opportunity to comment	100%
Final Report - Clarity & Conciseness	98%
Final Report – Prompt	98%
Recommendations	98%
Added Value	100%

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Report of City Solicitor

Report to Corporate Governance and Audit Committee

Date: 21st January 2013

Subject: Work Programme

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

1 Purpose of this report

1.1 The Purpose of this report is to notify Members of the Committee of the draft work programme. The draft work programme is attached at Appendix 1

2 Background information

2.1 The work programme provides information about the future items for the Corporate Governance and Audit Committee agenda, when items will be presented and which officer will be responsible for the item.

3 Main issues

3.1 Members are requested to consider whether they wish to add any items to the work programme

3.2 The draft work programme is attached at Appendix 1

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 This report consults seeks Members views on the content of the work programme of the Committee, so that it might meet the responsibilities set out in the committee's terms of reference.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 There are no equality and diversity or cohesion and integration issues arising from this report.

4.3 Council Policies and City Priorities

4.3.1 The work programme provides a balanced number of reports and assurances upon which the committee can assess the adequacy of the council's corporate governance arrangements.

4.4 Resources and Value for Money

4.4.1 It is in the best interests of the Council to have sound control arrangements in place to ensure effective use of resources, these should be regularly reviewed and monitored as such the work programme directly contributes to this.

4.5 Legal Implications, Access to Information and Call In

4.5.1 This report is not an executive function and is not subject to call in.

4.6 Risk Management

4.6.1 By the Committee being assured that effective controls are in place throughout the Council the work programme promotes the management of risk at the Council.

4.6.2 The work programme adopts a risk based approach to the significant governance arrangements of the Council.

5 Conclusions

5.1 The work programme of the Committee should be reviewed regularly and be updated appropriately in line with the risks currently facing the Council.

6 Recommendations

6.1 Members are asked to consider and approve the work programme set out at appendix 1.

**CORPORATE GOVERNANCE AND AUDIT COMMITTEE
WORK PROGRAMME**

9th April 2014		
Internal Audit Plan	To receive a report informing the Committee of the Internal Audit Plan for 2013/14	Chief Officer (Audit and Investment) Tim Pouncey
Local Authority Code on Transparency	To receive a report providing details of the Local Authority Code on Transparency	Assistant Chief Executive (Citizens and Communities) James Rogers / Senior Information Governance Officer Stephen Blackburn
Local Audit and Accountability Act	To receive a report updating the Committee on the Local Audit and Accountability Act	Chief Officer (Audit and Investment) Tim Pouncey
Internal Audit Update Report	To receive the Internal Audit update report	Chief Officer (Audit and Investment) Tim Pouncey
Annual Business Continuity Report	To receive the annual report reviewing the Councils Business Continuity planning.	Chief Officer (Strategy and Improvement) Mariana Pexton
Annual Report of the Committee	To receive the Annual report of the Committee reviewing the work completed over the last year	Head of Governance Services Andy Hodson
July 2014		
KPMG Fee Letter	To receive a report detailing KPMG's proposed fee for the forthcoming year	Chief Officer (Financial Management) Doug Meeson
Release of Accounts for Public Inspection	To receive a report releasing the Accounts for public inspection.	Chief Officer (Financial Management) Doug Meeson

CORPORATE GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME

Annual Internal Audit Report and Audit Plan	To receive the Annual Internal Audit Report	Chief Officer (Audit and Risk) Tim Pouncey
Annual Report on Performance and Risk Management	To receive a report regarding the Council's risk management arrangements.	Chief Officer (Audit and Risk) Tim Pouncey
Internal Audit Update Report	To receive the Internal Audit quarterly report	Chief Officer (Audit and Risk) Tim Pouncey
KPMG – Interim Audit report	To receive the KPMG Interim audit report	Chief Officer (Financial Management) Doug Meeson
Clinical Governance Annual Report and Alignment of Clinical Governance Arrangements	To receive the annual Clinical Governance report and an update on the progress of aligning Public Health's Clinical governance arrangements to those maintained by the rest of the Council	Director of Public Health Dr Ian Cameron
September 2014		
KPMG – Report to Those Charged With Governance	To receive a report giving the opinion on the financial statements, value for money conclusion and audit certificate.	Chief Officer (Financial Management) Doug Meeson
Approval of LCC Accounts	To receive a report requesting approval of the LCC Accounts	Chief Officer (Financial Management) Doug Meeson
Annual Governance Statement	To receive and approve the Annual Governance Statement	Head of Governance Services Andy Hodson
Internal Audit Update Report	To receive the Internal Audit update report	Chief Officer (Audit and Risk) Tim Pouncey

CORPORATE GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME

Local Government Ombudsman's Annual Letter	To receive the annual letter from the Local Government Ombudsman	Chief Officer Customer Services Paul Broughton
Annual Decision Making Report (Including Licensing / Planning)	To receive a report presenting the outcome of the monitoring process relating to decisions taken at the Council	Head of Governance Services Andy Hodson
Annual Financial Management Report (Incorporating Capital)	To receive the annual report reviewing the Financial Planning and Management Arrangements at the Council	Chief Officer (Financial Management) Doug Meeson
November 2014		
Internal Audit Update Report	To receive the Internal Audit update report	Chief Officer (Audit and Risk) Tim Pouncey
January 2015		
KPMG – Annual Audit Letter – including opinion	To receive a report certifying grants and returns and to consider the Audit Fee letter.	Chief Officer (Financial Management) Doug Meeson
KPMG – Certification of Grant Claims and Returns	To receive a report certifying grants and returns and to consider the Audit Fee letter.	Chief Officer (Financial Management) Doug Meeson
KPMG – Approval of External Audit Plan	To receive a report requesting approval of the external audit plan	Chief Officer (Financial Management) Doug Meeson
Internal Audit Update Report	To receive the Internal Audit quarterly report	Chief Officer (Audit and Risk) Tim Pouncey

CORPORATE GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME

Treasury Management Annual Report	To receive the annually Treasury Management Report providing assurance on the processes used by the department	Chief Officer (Financial Development) Maureen Taylor
April 2015		
Internal Audit Plan	To receive a report informing the Committee of the Internal Audit Plan for 2013/14	Chief Officer (Audit and Risk) Tim Pouncey
Internal Audit Update Report	To receive the Internal Audit quarterly report	Chief Officer (Audit and Risk) Tim Pouncey
Information Security Annual Report	To receive a report on the Council's Information Security arrangements.	Chief Officer (Business Transformation) Lee Hemsworth
Annual Business Continuity Report	To receive the annual report reviewing the Councils Business Continuity planning.	Chief Officer (Audit and Risk) Tim Pouncey
Annual Report of the Committee	To receive the Annual report of the Committee reviewing the work completed over the last year	Head of Governance Services Andy Hodson
Unscheduled Items		