

## Corporate Governance and Audit Committee

Friday, 20th March, 2015

**PRESENT:** Councillor G Hussain in the Chair  
Councillors P Grahame, T Hanley,  
E Taylor, J Bentley, J Cummins and  
A McKenna

Apologies Councillors R Wood, J L Carter and J Pryor

### 45 Appeals Against Refusal of Inspection of Documents

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

### 46 Exempt Information - Possible Exclusion of the Press and Public

There were no resolutions to exclude the public.

### 47 Late Items

There were no late items submitted to the agenda for consideration.

### 48 Declaration of Disclosable Pecuniary and Other Interests'

No declarations were made.

### 49 Apologies for Absence

Apologies for absence were received from Councillors Pryor, Wood and J L Carter.

### 50 Minutes - 28th January 2015

**RESOLVED** – That the minutes be approved as a correct record subject to the following amendments:

Minute No.39, Internal Audit Update report

**Existing minute:** Former Aire Valley Homes Leeds and Former East North East Homes Leeds were discussed and Members were informed that issues encountered had been resolved by the integration of the ALMOs.

**Revised minute:** Former Aire Valley Homes Leeds and Former East North East Homes Leeds were discussed and Members were informed that progress with the issues encountered would be followed up by Internal Audit as part of the 2015/16 audit plan.

Minute No. 41, KPMG Certification of Grants and Returns 2013/14

**Existing minute:** Agree that the audit fee remain the same for 2013/14 and 2014/15 despite no requirement to undertake the NNDR work will included the cost of the additional audit work in respect of NNDR.

**Revised minute:** Agree the additional audit fee in respect of the 2013/14 NNDR work in line with the Audit Commissions 2014/15 planned audit fees.

Councillor J Cummins to be added to apologies for absence.

**51 Matters Arising**

Minute No. 39 Internal Audit Report

Members noted the information that had been circulated in advance of the meeting which updated them on the current position in relation to car hire and purchasing card use at the Council.

**52 Internal Audit Plan 2015/16**

The Acting Head of Internal Audit presented a report of the Deputy Chief Executive which sought Members views on the draft Internal Audit Plan for 2015/16. The Committee were informed that the plan had been developed in consultation with senior management including the Chief Officer (Financial Services) and the Deputy Chief Executive.

Members sought assurances about the number of days allocated to the continuing professional development of staff working within Internal Audit. It was confirmed that time has been allocated to continuing professional development in line with previous years but this has been removed from the operational plan days as it has not been classified as assurance work.

The Acting Head of Internal Audit assured Members that whilst in light of budget cuts, the plan presented included sufficient coverage to ensure an evidenced based opinion can be produced on the control environment

**RESOLVED** – The Committee resolved to note the Internal Audit Operational Plan for 2015/16 and the assurances provided.

**53 Internal Audit Update Report 1st December 2014 to 31st January 2015**

The Acting Head of Internal Audit presented a report of the Deputy Chief Executive. The report provided a summary of internal audit activity for the

period 1<sup>st</sup> December 2014 to 31<sup>st</sup> January 2015 and highlighted the incidence of any significant control failings or weaknesses.

Members discussed the information governance weaknesses that had been highlighted in a recent audit review of contracts. Particularly relating to data sharing arrangements with third parties and arrangements to cleanse data once contracts had expired.

**RESOLVED** - The Committee resolved to:

- (a) Note the work undertaken by Internal Audit from 1<sup>st</sup> December 2014 to 31<sup>st</sup> January 2015; and
- (b) Receive examples of information governance issues that have arisen in contracts in the next Internal Audit update report.

#### **54 Leeds City Council Fraud Briefing**

The Acting Head of Internal Audit presented a report of the Deputy Chief Executive. The report provided further information in relation to a Fraud Briefing provided by the Council's appointed external auditors, KPMG, and summarised the Council's counter fraud activities and performance throughout 2013/14.

Members expressed their concern that KPMG was not present to assist them in their deliberations on this item.

Members requested that they be informed of the departments that fraud has been discovered going forwards. The Acting Head of Internal Audit agreed to keep Members updated on departments affected by fraudulent activities in her regular Internal Audit update reports.

It was confirmed to Members that in relation to fraud Leeds compares well against other authorities in both prevention and detection.

**RESOLVED** – The Committee resolved to:

- (a) Note the contents and assurances provided within this report and agreed to receive these assurances on an annual basis going forward;
- (b) Ask that the Head of Governance Services write to KPMG on behalf of the Committee setting out their concerns that KPMG were not present at the meeting.

#### **55 Annual Information Governance Report**

The Executive Officer (Information Governance) presented a report of the Deputy Chief Executive which provided an annual report on the steps being taken to improve Leeds City Council's governance in order to provide assurance for the annual governance statement.

Members requested that a report on a six monthly basis.

**RESOLVED** – The Committee resolved to:

- (a) note the contents of the report and the assurances provided as to the Council's approach to information governance; and
- (b) Request a report on the steps being taken to implement the Information Commissioners recommendations on a six monthly basis.

## **56 Annual Business Continuity Report**

The Principal Business Continuity Officer presented a report of the Deputy Chief Executive. The report provided assurance that the business continuity plans and arrangements in place for the Council's critical services are fit for purpose, up to date, embedded and being routinely complied with. The report also provided assurance that critical services in Phase 1 are compliant with the statutory duties detailed in the Civil Contingencies Act 2004 and that the ordinary services identified in Phase 2 are working towards achieving compliance with the Act by September 2015.

Members welcomed the report and congratulated officers for their work in this area.

Members also considered the service priorities of the Council should a disruption occur and also the time it would take to re-establish a service.

The deadline for completion of Phase 2 Business Continuity Plans in September 2015 was raised by Members and they requested a progress update in June 2015.

**RESOLVED** – The Committee resolved to:

- (a) note the level of assurance on the adequacy of business continuity arrangements currently implemented (phase 1);
- (b) Note that Phase 2 development is working toward completion by September 2015; and
- (c) Request an update in June 2015 as to the progress in completing Phase 2 Business Continuity Plans by September 2015.

(Councillor J Cummins left at 3pm during discussion of this item)

## **57 KPMG Technical Update**

The Principal Finance Manager presented a report of the Deputy Chief Executive which provided members with an overview of KPMG's progress in delivering their external audit responsibilities. KPMG's report also highlighted what they consider the main technical issues which are currently having an impact on local government.

Members noted the good news in terms of the reduction of KPMG's fees.

Members discussed the KPMG contract with the Principal Finance Manager and were informed that the current contract runs until 2016/17, after which the Council may be able to tender the contract subject to ongoing discussions with The Department for Communities and Local Government.

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

## **58 Work programme**

The City Solicitor submitted a report which notified Members of the draft work programme for the 2015/16 year.

In reviewing the forthcoming work programme Members discussed signing off the Leeds City Region Leaders Board Accounts and the role of this Committee in that process due to the Joint Committee being wound up.

Members also noted that the financial management issues raised by Councillor Hanley are scheduled to be considered.

Members noted and provisionally agreed the 2015/16 meeting dates for the Committee.

**RESOLVED** – The Committee resolved to:

- (a) Note the contents of the report; and
- (b) Provisionally agree the meeting dates for the Committee in the 2015/16 municipal year as detailed within Appendix 1 of the submitted report.

## **59 Retiring Councillors**

The Chair informed the Committee that Councillors Hanley and J L Carter would be retiring from the Council after the election in May.

The Chair thanked both Councillors for all their hard work on the Committee over the years that they have served on it.