



CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Meeting to be held in Civic Hall, Leeds, LS1 1UR on
Friday, 20th March, 2015
at 2.00 pm

MEMBERSHIP

Councillors

P Grahame	J Bentley	R Wood
T Hanley		J L Carter
G Hussain (Chair)		
E Taylor		
J Pryor		
J Cummins		
A McKenna		

**Agenda compiled by:
Governance Services
Civic Hall**

Phil Garnett (0113
39 51632)

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 - 28TH JANUARY 2015</p> <p>To receive the minutes of the meeting held on 28th January 2015.</p>	1 - 6
7			<p>INTERNAL AUDIT PLAN 2015/16</p> <p>To receive a report of the Deputy Chief Executive this report is to provide the proposed Internal Audit Plan for 2015/16 along with a summary of the basis for the plan. This has been developed in consultation with senior management including the Chief Officer (Financial Services) and the Deputy Chief Executive.</p>	7 - 30
8			<p>INTERNAL AUDIT UPDATE REPORT 1ST DECEMBER 2014 TO 31ST JANUARY 2015</p> <p>To receive a report of the Deputy Chief Executive which provides a summary of internal audit activity for the period 1st December 2014 to 31st January 2015 and highlight the incidence of any significant control failings or weaknesses. The proposed Internal Audit Plan for 2015/16 is also included as part of this report.</p>	31 - 46

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9			<p>LEEDS CITY COUNCIL FRAUD BRIEFING</p> <p>To receive a report of the acting Deputy Chief Executive the purpose of this report is to provide a summary of the Council's counter fraud activities and performance throughout 2013/14.</p>	47 - 70
10			<p>ANNUAL INFORMATION GOVERNANCE REPORT</p> <p>To receive a report of the Deputy Chief Executive which provides the Committee with an annual report on the steps being taken to improve Leeds City Council's information security in order to provide assurance for the annual governance statement.</p>	71 - 86
11			<p>ANNUAL BUSINESS CONTINUITY REPORT</p> <p>To receive a report of the Deputy Chief Executive which provides assurance that the business continuity plans and arrangements in place for LCC's critical services are fit for purpose, up to date, embedded and being routinely complied with. The report also provides assurance that LCC is compliant with the statutory duties detailed in the Civil Contingencies Act 2004.</p>	87 - 94
12			<p>KPMG TECHNICAL UPDATE</p> <p>To receive a report of the Deputy Chief Executive which provides the Committee with an overview of KPMG's progress in delivering their external audit responsibilities. In addition KPMG's report also highlights what they see as the main technical issues which are currently having an impact on local government.</p>	95 - 120
13			<p>WORK PROGRAMME</p> <p>To receive a report of the City Solicitor notifying and informing the Committee of the Work programme for the 2015/16 municipal year.</p>	121 - 126

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			<p>THIRD PARTY RECORDING</p> <p>Recording of this meeting is allowed to enable those not present to see or hear the proceedings either as they take place (or later) and to enable the reporting of those proceedings. A copy of the recording protocol is available from the contacts named on the front of this agenda.</p> <p>Use of Recordings by Third Parties– code of practice</p> <p>a) Any published recording should be accompanied by a statement of when and where the recording was made, the context of the discussion that took place, and a clear identification of the main speakers and their role or title.</p> <p>b) Those making recordings must not edit the recording in a way that could lead to misinterpretation or misrepresentation of the proceedings or comments made by attendees. In particular there should be no internal editing of published extracts; recordings may start at any point and end at any point but the material between those points must be complete.</p>	

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Agenda Item 6

Corporate Governance and Audit Committee

Wednesday, 28th January, 2015

PRESENT: Councillor G Hussain in the Chair
Councillors P Grahame, T Hanley,
J Bentley, J Pryor, A McKenna and
C Towler (As substitute for E Taylor)

Apologies Councillors R Wood and E Taylor

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'

There were no declarations made.

34 Apologies

Apologies for absence were received from Councillors R Wood and E Taylor.
Councillor C Towler was present as substitute for Councillor E Taylor.

35 Minutes - 19th September 2014

RESOLVED – The minutes of the meeting held on 19th September 2014 were approved as a correct record.

36 Matters Arising

Minute No. 23 Matters Arising

Further to Minute No.13 Decision Making Framework: Annual Assurance Report – Resolution (e)

Draft minutes to be approved at the meeting
to be held on Friday, 20th March, 2015

Members noted receipt of more detailed financial information relating to the planning service which had been circulated prior to the Committee.

RESOLVED –The Committee resolved to:

- (a) note the information received; and
- (b) Request a report be written for the next meeting which considers assurances to the committee in respect of the financial management arrangements relating to the planning service.

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

The Senior Project Manager (Strategy and Resources) presented a report of the Director of Adult Social Services (Acting). The report provided an update on the progress of the Shared Service Partnership with Calderdale Metropolitan Borough Council and implementation of the new social care system. The report provided assurance to the Committee that challenges were being faced and resolved appropriately to enable the project to stay on track to provide the required technology solution within Adult Social Care.

Members discussed the report in detail during which it was confirmed that “end to end” testing had been completed successfully.

Concern was raised about staffing issues and an unexpected OFSTED report at Calderdale Metropolitan Borough Council which had effected implementation. It was confirmed to Members that in light of this no additional costs had been incurred and that the Council will be fully compliant with the Care Act which will be implemented on 1st April 2015.

Members discussed the current risks affecting the new system which included the possibility of ongoing financial support should problems with Calderdale MBC resources persist.

Members noted that once assurance about the successful implementation of the project had been received, the role of monitoring the acquisition of the system referred to the Committee by the Executive Board will have been completed. Members agreed that any further issues surrounding the implementation should be reported directly to the Chair who, if necessary, would request a report to the Committee.

RESOLVED – The Committee resolved to:

- (a) Note the progress that has been made as well as the challenges that have been resolved; and
- (b) That a further report following successful implementation be presented to the Committee. However, if any further issues are encountered that affect the quality, cost or timescales of the implementation, it is agreed

that these are raised with the Chair of the Committee and brought back to the full Committee if deemed appropriate.

38 Treasury Management Governance Report 2014

The Principal Financial Manager (Strategy and Resources) presented a report of the Chief Officer (Financial Services) which outlined the governance framework for the management of the Council's Treasury Management function. The report also reviewed compliance and updated CIPFA guidance notes for practitioners on the Prudential Code for Capital finance in Local Authorities issued in 2013.

Members wished to understand more about the Treasury Management function and also the financial systems and controls in place to ensure the Council meets all its obligations and considered further training would be helpful when receiving financial reports.

The cost of borrowing and amount of borrowing was discussed with the officer present and it was highlighted that the average rate of external borrowing was just less than 4% and that the equivalent in core cities was 4.7% which would cost the authority an additional £10m per annum if our average cost of borrowing was at the core cities average.

RESOLVED – The Committee resolved:

- (a) To request that a programme of updates for Members on technical matters within the purview of the committee be developed and scheduled for future meetings of the committee; and
- (b) To note that Treasury Management continued to adhere to its governance framework including the CIPFA Code of Practice, the Prudential Code and revised guidance notes issued in 2013;
- (c) To note that all borrowing and investments undertaken have been compliant with the governance framework.

39 Internal Audit Update Report

The Acting Head of Internal Audit presented her report which provided a summary of Internal Audit activity for the period 1st August to 30th November 2014 and highlighted the incidence of any significant control failings or weaknesses.

Members paid particular attention to areas that had received limited assurance from Internal Audit. Specific issues that were discussed included:

- The unannounced visit to Aireborough Leisure Centre where Internal Audit are helping to develop improved controls;
- 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

In discussing the report Members asked for information about car usage. An update was also requested on the numbers of staff who currently hold purchasing cards.

RESOLVED – The Committee resolved to:

- (a) Receive the Internal Audit August to November 2014 Update Report and note the work undertaken by Internal Audit during the period covered by the report; and
- (b) Request that information be provided to Members updating them on the current position in relation to car hire and purchasing cards.

40 KPMG report - Annual Audit Letter 2013/14

The Director of Resources submitted a report which provided a summary of the of the key external audit findings in respect of the 2013/14 financial year.

The Chair welcomed John Prentice a Director of KPMG and Rob Walker an Audit Manager at KPMG who are responsible for undertaking the external audit work at the Council.

RESOLVED – The Committee resolved to note the conclusions and recommendations arising from the 2013/4 external audit process.

41 KPMG Certification of grants and returns 2013/14

The Deputy Chief Executive submitted a report which informed Members of the result of the work KPMG have carried out on the certification of grant claims in respect of 2013/14

John Prentice of KPMG informed the Committee that there was now no longer a requirement to undertake the audit of the Government's NNDR return aspect of work however, in order to complete the audit of the accounts some of this work was still required and in recognition of this the Audit Commission had increased future planned audit fees. In addition the Audit Commission advised auditors to seek approval from individual Council's for similar increases in respect of the 2013/14 audit. The addition audit work due to increased costs requested that the amounted to of £1470, a reduction of 50% of that charged for the previous NNDR return in recognition of the reduced work involved. the cost of the NNDR work, remain as part of the fee for work undertaken in relation to 2013/14 and 2014/5 financial years.

RESOLVED – The Committee resolved to:

- (a) note the results of the work KPMG have carried out on the certification of grants and returns for the financial year 2013/14; and

- (b) 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 required in respect of NNDR.

42 KPMG External Audit Plan 2014/15

The Director of Resources submitted a report which informed Members of KPMG's audit plan for the audit of the Council's accounts and Value for Money Arrangements. The attached report from KPMG highlighted the risk based approach to the audit and the main risks they have identified for 2014/15.

John Prentice of KPMG was in attendance to help answer Members' questions. He commented that although the Council was operating well financially there was a risk in the medium term in delivering savings in light of cuts in the Central Government Grant.

The Committee were informed that the Council's auditors will be KPMG until 2017 and that The Department for Communities and Local Government had indicated it will make a decision in summer 2015 about whether to extend the contract from 2017 to 2020.

Members noted they were receiving better value for money from KPMG due to the work of the Committee in reducing the fee charged.

Members sought assurance that the new pension regulations had been considered by KPMG and any risks analysed and mitigated. The Committee were informed that work undertaken with the actuary had satisfied concerns relating to the pension fund liability and that the West Yorkshire Pension Fund continues to be one of the better performing funds.

RESOLVED – The Committee resolved to agree the nature and scope of the audit plan.

43 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.

44 Date and Time of Next Meeting

2pm Friday 20th March 2015.

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Report author: Sonya McDonald
Tel: 74214

Report of the Deputy Chief Executive

Report to Corporate Governance and Audit Committee

Date: 20th March 2015

Subject: Internal Audit Plan 2015/16

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.
2. The Public Sector Internal Audit Standards require the Head of Internal Audit to deliver an annual internal audit opinion and report that can be used by the council to inform its governance statement. The standards also refer to the need for a risk-based plan to take into account the requirement to produce an annual internal audit opinion which includes input from management and the Corporate Governance and Audit Committee.¹
3. This report therefore provides members with the proposed Internal Audit Plan for 2015/16.

Recommendations

4. The Corporate Governance and Audit Committee is asked to consider and comment upon the Internal Audit Operational Plan for 2015/16.

¹ The Corporate Governance and Audit Committee within LCC is the 'Board' as defined in the Public Sector Internal Audit Standards. *The Board is the highest level of governing body charged with the responsibility to direct and/or oversee the activities and management of the organisation. Typically, this includes an independent group of directors. 'Board' may refer to an audit committee to which the governing body has delegated certain functions.*

1 Purpose of this report

- 1.1 The purpose of this report is to provide the proposed Internal Audit Plan for 2015/16 along with a summary of the basis for the plan. This has been developed in consultation with senior management including the Chief Officer (Financial Services) and the Deputy Chief Executive.

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.
- 2.2 From April 2013 CIPFA and the Chartered Institute of Internal Auditors launched a common set of Public Sector Internal Audit Standards (PSIAS) to be adopted across the public sector. The PSIAS set out the standards for Internal Audit.
- 2.3 The principles in the PSIAS are consistent with the previous CIPFA Code of Practice for Internal Audit that applied across local government. They include the need for risk based plans to be developed for internal audit and for plans to receive input from management and the Corporate Governance and Audit Committee.
- 2.4 The Deputy Chief Executive, as the council's Section 151 Officer, is responsible under the Local Government Act for ensuring that there are arrangements in place for the proper administration of the Authority's financial affairs. The work of Internal Audit therefore has direct relevance to these responsibilities.

3 Main issues

- 3.1 The report provides the proposed Internal Audit Plan for 2015/16.
- 3.2 The PSIAS require that the Head of Internal Audit² '*must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.*' Furthermore, the standards state that the risk-based plan should take into account the requirement to produce an annual internal audit opinion.
- 3.3 The report outlines the planning process undertaken to produce the proposed Internal Audit Plan for 2015/16.
- 3.4 The number of days allocated to specifically provide the Head of Internal Audit with the evidence for the opinion on the control environment is 3,980 days (4,178 for 2014/15.) The level of resources required to provide internal audit services for external clients is 237 days and 135 days have also been included in the plan for

² The Head of Internal Audit within LCC is the '*Chief Audit Executive*' as defined in the Public Sector Internal Audit Standards. *The Chief Audit Executive describes a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the 'Definition of Internal Auditing', the 'Code of Ethics' and the 'Standards.'* (PSIAS.)

staff to be seconded to meet other priorities across the Council. The total Internal Audit plan for 2015/16 is therefore 4,352 days.

- 3.5 Progress against the plan will be monitored throughout the year and key issues reported to the Corporate Governance and Audit Committee, the Deputy Chief Executive and the Chief Officer (Financial Services).

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 The 2015/16 Internal Audit plan has, as a base, used the tried and tested risk-based approach to prioritising internal audit work and includes sufficient coverage to ensure an evidence based assurance opinion on the control environment can be provided at the end of the year.

5.2 The plan is responsive in nature and all efforts will be made to maximise coverage to provide the most effective and agile internal audit service that focuses on those key risks facing the organisation throughout the year.

6 Recommendations

6.1 The Corporate Governance and Audit Committee is asked to consider and comment upon the Internal Audit Operational Plan for 2015/16.

7 Background documents

7.1 None.



**Annual Internal Audit Plan
2015-16**

CONTENTS

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 3. The Annual Plan
 4. Assurance Blocks
 5. Plan Summary and Resources
 6. Conclusion
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Section 2 - INTERNAL AUDIT PLAN 2015/16

- 2.1 Summary by Assurance Block and Comparison with 2014/15
 - 2.2 Internal Audit Plan 2015/16 - Detailed Reviews by Type
-

Section 1

1. Background

- 1.1 From April 2013, CIPFA and the Chartered Institute of Internal Auditors launched a common set of Public Sector Internal Audit Standards (PSIAS) to be adopted across the public sector. The PSIAS set out the standards for internal audit.
- 1.2 The principles in the PSIAS are consistent with the previous CIPFA code of practice for Internal Audit that applied across local government. They include the need for risk-based plans to be developed for internal audit and for plans to receive input from management and the “Board.”¹
- 1.3 The Deputy Chief Executive, as the council’s Section 151 Officer, is responsible under the Local Government Act for ensuring that there are arrangements in place for the proper administration of the Authority’s financial affairs. The work of Internal Audit therefore has direct relevance to these responsibilities.

2. The Planning Process

- 2.1 The PSIAS performance standard 2010 - Planning states that: *“The Chief Audit Executive² must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals.”* The standards refer to the need for the risk-based plan to take into account the requirement to produce an annual internal audit opinion and the assurance framework including taking into consideration the organisation’s risk management framework.

Annual Internal Audit Opinion (PSIAS 2010 - Planning)

- 2.2 The PSIAS performance standard 2450 - Overall Opinions states that: *“The Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.”* To support this, therefore, the risk-based plan needs to include 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.

¹ Within Leeds City Council, the Corporate Governance and Audit Committee fulfils the role of an Audit Committee and, for the purposes of the key duties laid out in the PSIAS, is the “Board.”

² Within Leeds City Council the Chief Audit Executive is the Head of Internal Audit for the purposes of the Public Sector Internal Audit Standards

- 2.3 The plan follows 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 has been developed.
- 2.4 Work is nearing completion to formalise risk and assurance mapping across the organisation. Any significant assurance gaps identified through this process will be addressed using the contingency allocation for 2015/16.
- 2.5 The audit plan is dynamic in nature and is reviewed and re-aligned where necessary on a regular basis to take account of new, emerging and changing risks and priorities with resources being re-prioritised towards the areas of highest risk.
- 2.6 The Head of Internal Audit will ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the internal audit plan.

Risk Assessment Process

- 2.7 PSAIS Performance Standard 2010.A1 states that: *“The Internal audit activity’s plan of engagements must be based on a documented risk assessment, undertaken at least annually.”*
- 2.8 In order to develop the audit plan, there must be a sound understanding of the risks facing the Council. The Corporate Risk Register is used as a key source of information, as is the Internal Audit risk assessment of the Authority, which is updated during the year and used to form the basis of the Internal Audit plan. Internal Audit has also engaged with Heads of Finance as well as colleagues within ICT, PPPU/PU, HR, and Information Governance to ensure that known and emerging risks are considered in annual audit planning.
- 2.9 Local and national issues and risks are considered during the annual audit planning process. In addition, the planning stage for individual audit assignments considers key risks and ensures that the scope of audit work includes relevant local and national issues and risks.
- 2.10 Regular dialogue through liaison meetings with Core Cities as well as authorities within South and West Yorkshire ensures that Internal Audit is aware of emerging risks within other authorities and these are considered during audit planning.

3. *The Annual Plan*

- 3.1 The Internal Audit plan must continue to be sufficiently flexible to enable assurance to be gained over current risk areas as well as emerging risks, and those risks yet to be identified. This is particularly relevant for 2015/16 as the pace and scale of change within the council continues.
- 3.2 Periods of change inevitably increase the potential for risks. The considerable reduction in the workforce for example provides opportunity for breakdown in control as well as an opportunity to consider new, more efficient ways of organising people, systems and processes without impacting adversely on internal control. To reflect this risk the plan will continue to allocate time for advice and guidance and developing systems support (within the contingency time allocation). Reviews of the key financial systems and a number of pro-active anti-fraud, irregularity and probity audits will provide assurance that the basic governance and control arrangements are continuing to operate effectively, minimising the risks of misappropriation, loss and error.
- 3.3 The plan needs to be dynamic, challenging and prioritised which is not a new concept. However, it is more critical in the current environment if Internal Audit is to help the council to continue to respond effectively to the scale of change during 2015/16 and beyond.

4. *Assurance blocks*

The plan for 2015/16 includes the following assurance blocks:

4.1 Key Financial Systems

This is the traditional area of internal audit work, required by external audit, and very much focuses on providing the Section 151 officer assurance that “the Council has made arrangements for the proper administration of its financial affairs.” These systems are agreed in advance with External Audit and are used as the basis by which External Audit area able to place reliance on Internal Audit work. These are generally the systems that have the highest financial risk. The proposed coverage is shown in the attached audit plan for 2015/16 and covers key expenditure systems such as payroll and creditors and income areas such as council tax and rents. These reviews also give an opinion as to the effectiveness of financial management procedures.

4.2 Compliance

Compliance work is fundamental as it provides assurance across all Directorates and therefore underpins the Head of Internal Audit opinion on the control environment. The proposed coverage for compliance is underpinned by an

assessment of the Council's framework of controls (often by policies and procedures) and includes those core areas where a high level of compliance is necessary for the Council to carry out its functions properly. The work involves a series of checks across the organisation to provide assurance on whether key policies and procedures are being complied with in practice and operating as intended. This work will continue to challenge the existing controls to ensure that they are modern, effective and proportionate.

4.3 Spending Money Wisely

This assurance block incorporates the on-going work on initiatives to promote the council's value of Spending Money Wisely including monthly reviews of expenditure. In addition, 205 days have been included to undertake a number of Spending Money Wisely/Value for Money projects across the authority.

4.4 Procurement

Within this assurance block, 105 days have been included for a number of cross cutting reviews. These include reviews of arrangements relating to off-contract and non-contract spend, as well as a review of contract extensions to ensure that these are being invoked correctly. Other audits include a review of the arrangements in place regarding the new EU Procurement Regulations, as these introduce significant changes to the tendering process.

The remaining 210 days within this assurance block will be used for reviews of specific contracts. The reviews will cover a variety of goods and services and will incorporate different procurement models, including large scale contracts with single suppliers and those where a commissioning model is in place with a number of suppliers. The reviews will cover contract monitoring, as well as the initial procurement phase where this is appropriate, in order to ensure that Contracts Procedure Rules are being complied with. Consideration will be given to various aspects of contractor performance such as service levels, costs, safeguarding and information governance.

4.5 Anti-Fraud and Corruption

This assurance block allocates time for the implementation of both proactive and reactive approaches to tackling fraud and corruption. The reactive element covers the risk assessment process for referrals received through whistleblowing channels, with a further allocation of time and resource for investigation where appropriate. The proactive strand is encapsulated by strategic exercises to identify potential fraud and misappropriation, alongside a review of the relevant policy framework in place and an overarching emphasis on reinforcing the council's zero tolerance approach to fraud and corruption across the organisation. This includes utilising localised fraud detection indicators such as

the annual Leeds Fraud Briefing to aid in the identification of key fraud risks to be considered within the coverage of other assurance blocks. Fraud risks are considered across the audit planning process within the scope of all relevant audits, and in 2015/16 this includes counter fraud work within Key Financial Systems to address the risks associated with Council Tax Discount fraud.

4.6 Risk Based Reviews

This assurance block includes new priorities and emerging risks where a review of the systems in place is required to understand how the emerging risks are being managed. This area of work provides assurance on the arrangements in place to manage risks within Directorates/service areas and the corporate risk register.

4.7 ICT

The ICT assurance block includes an allocation of time for the review of business applications to provide assurance that systems are correctly processing information accurately and on a timely basis. A further allocation of time has been provided for information governance work and pro-active data analytics work.

4.8 Housing Leeds

Former ALMO services are now provided by Housing Leeds, following the transfer of ALMO functions to the Council in 2013/14. Since this time, Housing Leeds has reviewed how their services operate and has taken the opportunity to update and standardise work practices in a number of areas. The audit plan for 2015/16 will therefore focus on providing assurance on their core functions following this work, including reviews of rent arrears, lettings enforcement and void property management. The plan has been prepared following an assessment by Internal Audit, which incorporates feedback from Housing Leeds on priority areas for review. Time is also included within the Housing Leeds plan to provide certain assurances in relation to the management of the assurance framework for BITMO.

4.9 Contingency

The audit plan contains a contingency provision that is utilised during the year in response to unforeseen work demands and emerging risks that arise. This includes the provision of ad-hoc advice and responding to queries from Directorates and service areas across the council.

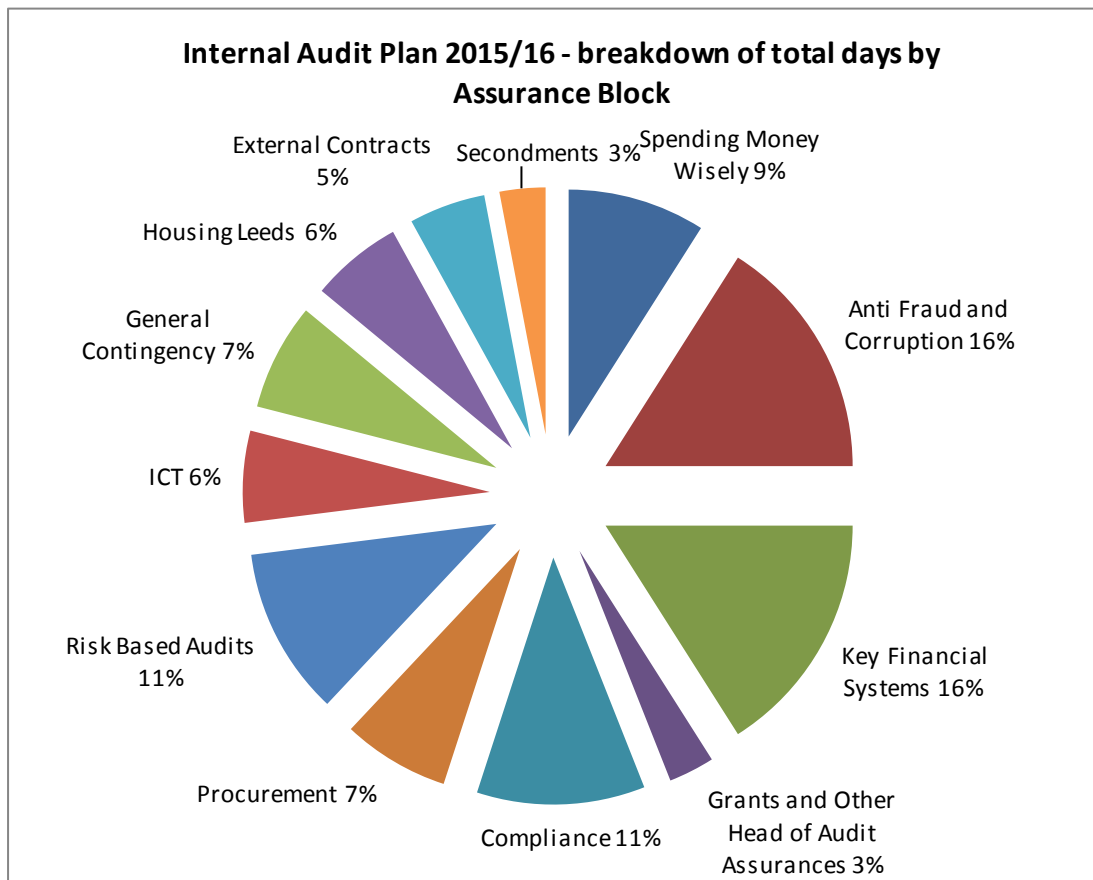
4.9.1 Secondments

135 days for secondments have been planned for 2015/16 to support projects within Civic Enterprise Leeds and to provide support to the Capital Section.

5. *Plan Summary and Resources*

- 5.1 In summary, there is a focus on risk-based and compliance audits as well as providing assurance on key financial systems. This reflects the need to focus on the management of emerging risks and to ensure the continued operation of controls within the council's governance arrangements, systems and processes. There is also a continued need to allocate time to anti-fraud work and value for money reviews in order to contribute to the council's efficiency agenda.
- 5.2 The annual plan needs to be deliverable within available resources and is based on 26.02 FTEs. This is a reduction of 1.5 FTEs compared with available resources in 2014/15 and a reduction of 5.8 FTEs compared with available resources in 2013/14. The impact of this reduction will be minimised through ongoing risk assessment work to ensure that resources are targeted to the highest priority areas. Although resources have reduced, assurance can be provided that this is sufficient to give an opinion on the overall adequacy and effectiveness of Leeds City Council's control environment.
- 5.3 Based on the available resources for the delivery of the audit plan, the number of days for audit assignments is 4,352 days. 237 days of this relates to work for external clients and 135 days for secondments. This compares to 4,716 days for 2014/15 (including 172 days for external work and 366 days for secondments.)

The proposed approximate split of time across the 2015/16 plan is as follows:



6. Conclusion

- 6.1 The 2015/16 Audit Plan has, as a base, used the tried and tested risk-based approach to prioritising internal audit work and includes sufficient coverage to ensure an evidence based assurance opinion on the control environment can be provided at the end of the year.
- 6.2 The plan is responsive in nature and all efforts will be made to maximise coverage to provide the most effective and agile internal audit service possible that focuses on those key risks facing the organisation throughout the year.
- 6.3 Progress against the plan will be monitored throughout the year and key issues reported to CG&AC, the Deputy Chief Executive, and the Chief Officer (Financial Services.)

Section 2 - INTERNAL AUDIT PLAN 2015/16

2.1 Summary by Assurance Block and Comparison with 2014/15

Assurance Block	2015/16 Plan		2014/15 Plan		2014/15 Actual as at 31 st January 2015	
	Days	% of total assurance days	Days	% of total assurance days	Days	% of plan completed
Spending Money Wisely	400	10%	680	16%	540	79%
Anti-Fraud and Corruption	694	17%	694	17%	554	80%
Key Financial Systems	718	18%	755	18%	565	75%
Grants and Other Head of Audit Assurances	108	3%	89	2%	71	80%
Compliance	460	12%	355	8%	363	102%
Procurement	315	8%	322	8%	252	78%
Risk Based Audits	490	12%	300	7%	279	93%
ICT	245	6%	230	6%	199	87%
Housing Leeds	250	6%	250	6%	123	49%
Continuing Development						
Professional Liaison/Training & CPD/Quality Assurance and Improvement Program	0	0%	138	3%	101	73%
Contingency						
General Contingency	300	8%	365	9%	308	84%
Total Assurance Days	3980	100%	4178	100%	3355	
Other						
External Contracts	237		172		240	
Secondments	135		366		556	
Total Other	372		538		796	
Total Days	4352		4716		4151	

2.2 Internal Audit Plan 2015/16 - Detailed Reviews by Type

Draft Internal Audit Plan 2015/16				
Audit	2015/16 days	Assurance Block	Directorate	Links to Best Council Objectives
External Contracts				
School Voluntary Fund Audits	21	External Contracts	Contract Work	Building a child friendly city, becoming an efficient and enterprising council
Schools External Work	20	External Contracts	Contract Work	Building a child friendly city, becoming an efficient and enterprising council
Building Hope Charity	3	External Contracts	Strategy and Resources	Becoming an efficient and enterprising council
Belle Isle Tenant Management Organisation	55	External Contracts	Contract Work	Promoting sustainable and inclusive economic growth, becoming an efficient and enterprising council
Credit Union	30	External Contracts	Contract Work	Becoming an efficient and enterprising council: supporting communities and tackling poverty
Provisional – new external contracts	70	External Contracts	Contract Work	Becoming an efficient and enterprising council
Leeds Grand Theatre	38	External Contracts	Contract Work	Becoming an efficient and enterprising council
Total External Contracts	237			
Housing Leeds				
Housing Leeds	250	Housing Leeds	Environment and Housing	Promoting sustainable and inclusive economic growth, becoming an efficient and enterprising council
Total Housing Leeds	250			
Financial Resource Risks				
Spending Money Wisely				
Procedures and Risk Management	5	Spending Money Wisely	Cross- Cutting	Becoming an efficient and enterprising council
Compliance and Monitoring: Review of Expenditure	150	Spending Money Wisely	Cross- Cutting	Becoming an efficient and enterprising council
Compliance and Monitoring: Published Payments Process follow up review	5	Spending Money Wisely	Cross - Cutting	Becoming an efficient and enterprising council
Communication and Improvement: Ideas Service	25	Spending Money Wisely	Cross - Cutting	Becoming an efficient and enterprising council
Communication and Improvement:	10	Spending Money Wisely	Cross - Cutting	Becoming an efficient and enterprising council

Draft Internal Audit Plan 2015/16				
Audit	2015/16 days	Assurance Block	Directorate	Links to Best Council Objectives
Reporting				
<u>Spending Money Wisely Projects</u>				
Agency Staff	30	Spending Money Wisely	Strategy and Resources	Becoming an efficient and enterprising council
Essential Car User Allowances	30	Spending Money Wisely	Cross-Cutting	Becoming an efficient and enterprising council
ICT Benefits Realisation	25	Spending Money Wisely	Cross - Cutting	Becoming an efficient and enterprising council
VAT	30	Spending Money Wisely	Cross - Cutting	Becoming an efficient and enterprising council
Highways Maintenance	30	Spending Money Wisely	City Development	Becoming an efficient and enterprising council
Workforce Planning (inc Recruitment, Overtime and Bonuses)	30	Spending Money Wisely	Cross - Cutting	Becoming an efficient and enterprising council
Review of Early Leavers Initiative	30	Spending Money Wisely	Cross - Cutting	Becoming an efficient and enterprising council
<i>Total Spending Money Wisely</i>	400			
Anti -Fraud and Corruption				
<u>Reactive Fraud Work</u>				
Fraud Investigations	610	Anti-Fraud and Corruption	Contingency	Becoming an efficient and enterprising council
<u>Proactive Fraud Work</u>				
National Fraud Initiative	20	Anti-Fraud and Corruption	Cross- Cutting	Becoming an efficient and enterprising council
Development of Online Training Resource	20	Anti-Fraud and Corruption	Cross- Cutting	Becoming an efficient and enterprising council
Fraud Risk Register	2	Anti-Fraud and Corruption	Strategy and Resources	Becoming an efficient and enterprising council
Reviews of emerging trends and risks	32	Anti-Fraud and Corruption	Cross- Cutting	Becoming an efficient and enterprising council
Fraud policies	10	Anti-Fraud and Corruption	Strategy and Resources	Becoming an efficient and enterprising council
<i>Total Anti-Fraud and Corruption</i>	694			
Key Financial Systems				
Community Care -	45	Key Financial	Adult Social Care	Delivery of Better Lives programme,

Draft Internal Audit Plan 2015/16				
Audit	2015/16 days	Assurance Block	Directorate	Links to Best Council Objectives
Payments to Independent Residential Homes		Systems		becoming an efficient and enterprising council
Payroll	100	Key Financial Systems	Civic Enterprise Leeds/Cross-Cutting	Becoming an efficient and enterprising council
Housing Benefits (Accounting and Subsidy; Assessment and Payments including local welfare support)	90	Key Financial Systems	Citizens and Communities	Becoming an efficient and enterprising council, supporting communities and tackling poverty
Benefits Counter Fraud	18	Key Financial Systems	Citizens and Communities	Becoming an efficient and enterprising council
Treasury Management & Bankline	23	Key Financial Systems	Strategy and Resources	Becoming an efficient and enterprising council
Creditors (including duplicate payment central controls and purchasing card central controls)	100	Key Financial Systems	Civic Enterprise Leeds/Cross-Cutting	Becoming an efficient and enterprising council
Capital Programme Controls	18	Key Financial Systems	Strategy and Resources	Becoming an efficient and enterprising council
Council Tax (including localisation)	45	Key Financial Systems	Citizens and Communities	Becoming an efficient and enterprising council
Business Rates	45	Key Financial Systems	Strategy and Resources	Becoming an efficient and enterprising council
Key Financial Systems: Year-End Reconciliations	40	Key Financial Systems	Strategy and Resources	Becoming an efficient and enterprising council
Housing Rents	23	Key Financial Systems	Environment and Housing	Becoming an efficient and enterprising council
Bank Reconciliation & Cash Book	23	Key Financial Systems	Strategy and Resources	Becoming an efficient and enterprising council
Financial Management Central Controls	18	Key Financial Systems	Strategy and Resources	Becoming an efficient and enterprising council
Sundry Income	72	Key Financial Systems	Strategy and Resources/Cross-Cutting	Becoming an efficient and enterprising council
Total Mobile	30	Key Financial Systems	Civic Enterprise Leeds	Becoming an efficient and enterprising council
Income Management System	23	Key Financial Systems	Strategy and Resources	Becoming an efficient and enterprising council
External Audit Liaison	5	Key Financial Systems	Strategy and Resources	Becoming an efficient and enterprising council

Draft Internal Audit Plan 2015/16				
Audit	2015/16 days	Assurance Block	Directorate	Links to Best Council Objectives
Total Key Financial Systems	718			
Grants and other Head of Audit Assurances				
West Yorkshire Pension Fund Return	5	Grants and other Head of Internal Audit Assurances	Civic Enterprise Leeds	Becoming an efficient and enterprising council
Public Health England – St Anne’s Alcohol Services Grant	6	Grants and other Head of Internal Audit Assurances	Public Health	Becoming an efficient and enterprising council; delivery of Better Lives programme; supporting communities and tackling poverty
Adoption Reform Grant	5	Grants and other Head of Internal Audit Assurances	Children’s Services	Becoming an efficient and enterprising council; building a child friendly city
Local Transport Capital Block Funding Grant (Integrated Transport and Highway Maintenance)	9	Grants and other Head of Internal Audit Assurances	Strategy and Resources	Becoming an efficient and enterprising council; promoting sustainable and inclusive economic growth
Local Pinch Point Fund	5	Grants and other Head of Internal Audit Assurances	City Development	Promoting sustainable and inclusive economic growth, becoming an efficient and enterprising council
Additional Highways Maintenance Funding	5	Grants and other Head of Internal Audit Assurances	City Development	Promoting sustainable and inclusive economic growth, becoming an efficient and enterprising council
Severe Weather Recovery Scheme	5	Grants and other Head of Internal Audit Assurances	City Development	Promoting sustainable and inclusive economic growth, becoming an efficient and enterprising council
Flood and Coastal Risk Management Growth Fund Allocation	7	Grants and other Head of Internal Audit Assurances	Strategy and Resources	Becoming an efficient and enterprising council
West Yorkshire Local Broadband Plan	7	Grants and other Head of Internal Audit Assurances	Strategy and Resources	Promoting sustainable and inclusive economic growth, becoming an efficient and enterprising council
Education Funding Authority (EFA) Local Authority Use of Funds - Grant Return	4	Grants and other Head of Internal Audit Assurances	Children's Services	Building a child friendly city, becoming an efficient and enterprising council

Draft Internal Audit Plan 2015/16				
Audit	2015/16 days	Assurance Block	Directorate	Links to Best Council Objectives
CFO Statement				
West Yorkshire Combined Authority Treasury Management Assurance	2	Grants and other Head of Internal Audit Assurances	Strategy and Resources	Becoming an efficient and enterprising council; promoting sustainable and inclusive economic growth
Lord Mayors Charity	8	Grants and other Head of Internal Audit Assurances	Strategy and Resources	Becoming an efficient and enterprising council
Local Authority Bus Subsidy Ring Fenced (Revenue) Grant	9	Grants and Other Chief Audit Executive Assurances	Civic Enterprise Leeds	Becoming an efficient and enterprising council; promoting sustainable and inclusive economic growth
Troubled Families	16	Grants and Other Chief Audit Executive Assurances	Children's Services	Building a child friendly city, becoming an efficient and enterprising council
SFVS Section 151 Assurance Central Controls	15	Grants and Other Chief Audit Executive Assurances	Strategy and Resources	Building a child friendly city, becoming an efficient and enterprising council
Total Grants and other Head of Audit Assurances	108			
Compliance				
Overtime	25	Compliance	Cross - Cutting	Becoming an efficient and enterprising council
Agency Staff	30	Compliance	Cross - Cutting	Becoming an efficient and enterprising council
Grants to Organisations	25	Compliance	Cross - Cutting	Becoming an efficient and enterprising council
Income from Cemeteries and Crematoria	13	Compliance	City Development	Becoming an efficient and enterprising council
Income from hire of rooms	10	Compliance	Cross – Cutting	Becoming an efficient and enterprising council
Approval and payment of commissioned services	18	Compliance	Children's Services	Becoming an efficient and enterprising council; building a child friendly city
Pay Protection	15	Compliance	Cross - Cutting	Becoming an efficient and enterprising council
Payroll Variations	25	Compliance	Cross – Cutting	Becoming an efficient and enterprising council

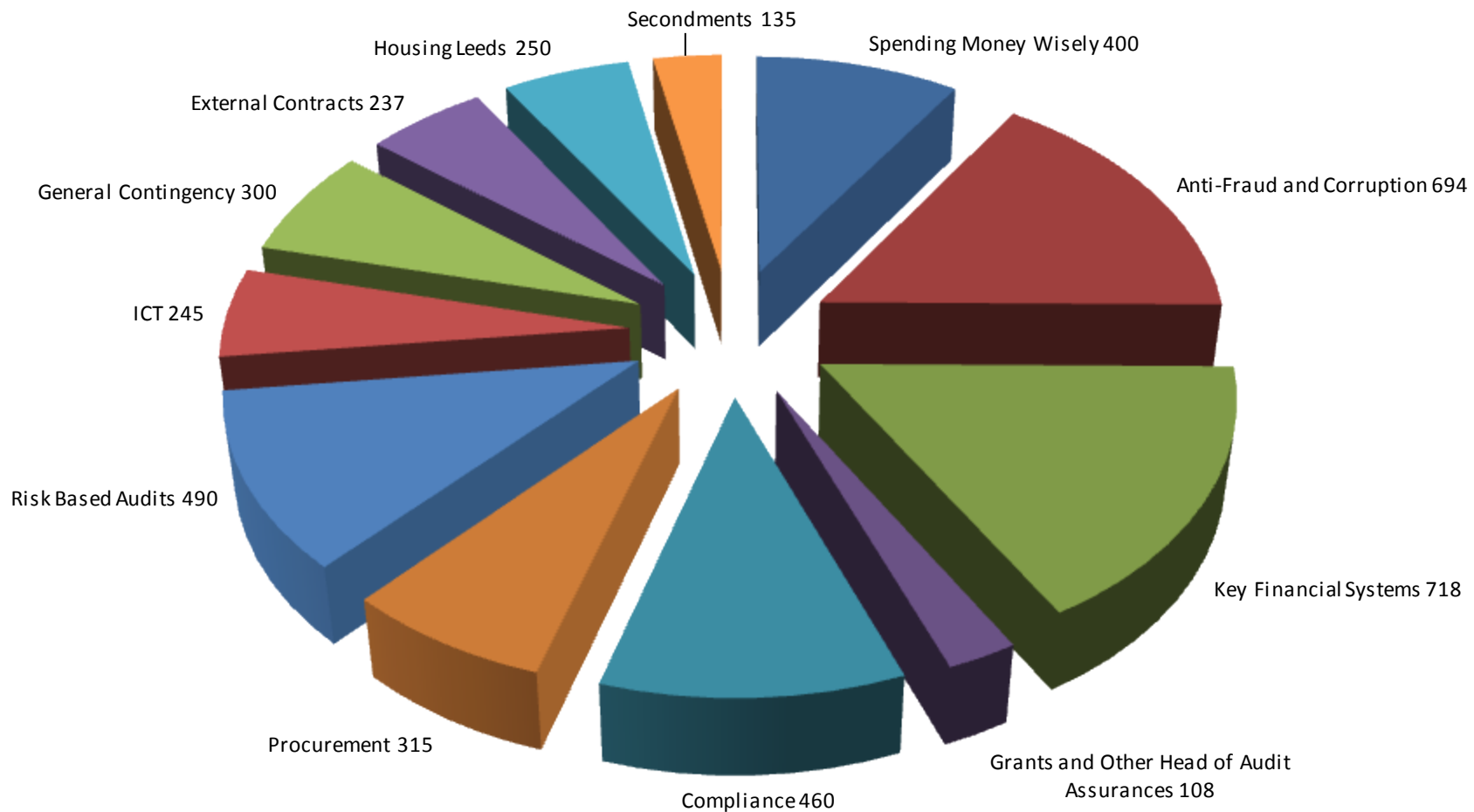
Draft Internal Audit Plan 2015/16				
Audit	2015/16 days	Assurance Block	Directorate	Links to Best Council Objectives
Travel and Subsistence	50	Compliance	Cross - Cutting	Becoming an efficient and enterprising council
Asset Verification (Desirable Items)	15	Compliance	Cross - Cutting	Becoming an efficient and enterprising council
Unannounced Visits	30	Compliance	Cross - Cutting	Becoming an efficient and enterprising council
Nursery Fees	17	Compliance	Children's Services	Building a child friendly city, becoming an efficient and enterprising council
School 6th Form Funding Visits	40	Compliance	Children's Services	Building a child friendly city, becoming an efficient and enterprising council
Schools Audits	60	Compliance	Children's Services	Building a child friendly city, becoming an efficient and enterprising council
Nursery Fees Follow Up Review	10	Compliance	Children's Services	Building a child friendly city, becoming an efficient and enterprising council
Other Hired and Contracted Services Follow Up Review	5	Compliance	Environment and Housing	Becoming an efficient and enterprising council
Kirkgate Open Market Follow Up Review	5	Compliance	City Development	Becoming an efficient and enterprising council; promoting sustainable and inclusive economic growth
Aireborough Leisure Centre Follow Up Review	5	Compliance	City Development	Becoming an efficient and enterprising council
Declaration of Interests - Officers	12	Compliance	Cross - Cutting	Becoming an efficient and enterprising council
Directorate Risk Management Arrangements	20	Compliance	Cross - Cutting	Becoming an efficient and enterprising council
Key Performance Indicators	15	Compliance	Cross - Cutting	Becoming an efficient and enterprising council
Decision Making - Implementation	15	Compliance	Cross - Cutting	Becoming an efficient and enterprising council
Total Compliance	460			
Procurement				
Procurement central controls Follow Up Review	20	Procurement	Strategy and Resources	Becoming an efficient and enterprising council
Procurement Governance Arrangements	25	Procurement	Strategy and Resources	Becoming an efficient and enterprising council
Off Contract Spend	20	Procurement	Strategy and Resources	Becoming an efficient and enterprising council
Contract Extensions	20	Procurement	Strategy and Resources	Becoming an efficient and enterprising council

Draft Internal Audit Plan 2015/16				
Audit	2015/16 days	Assurance Block	Directorate	Links to Best Council Objectives
EU Procurement Regulations	20	Procurement	Strategy and Resources	Becoming an efficient and enterprising council
<u>Contract Reviews (indicative)</u>	200			Becoming an efficient and enterprising council
Passenger Transport Contract Follow Up Review	10	Procurement	Civic Enterprise Leeds	Becoming an efficient and enterprising council; building a child friendly city
Total Procurement	315			
Risk Based Audits				
Taxi and Private Hire Licensing	20	Risk Based Audits	Citizens and Communities	Becoming an efficient and enterprising council
Families First Programme	20	Risk Based Audits	Children's Services	Building a child friendly city, becoming an efficient and enterprising council
Frameworki	20	Risk Based Audits	Children's Services	Building a child friendly city, becoming an efficient and enterprising council
Better Care Fund	25	Risk Based Audits	Adult Social Care/Public Health	Becoming an efficient and enterprising council; delivery of Better Lives programme
West Yorkshire Combined Authority	20	Risk Based Audits	Citizens and Communities	Becoming an efficient and enterprising council; promoting sustainable and inclusive economic growth
Budget Strategies and Action Plans	50	Risk Based Audits	Cross - Cutting	Becoming an efficient and enterprising council
Planning Applications	35	Risk Based Audits	City Development	Becoming an efficient and enterprising council
New Homes Bonus	25	Risk Based Audits	City Development	Becoming an efficient and enterprising council; promoting sustainable and inclusive economic growth
Bailiffs	20	Risk Based Audits	Cross - Cutting	Becoming an efficient and enterprising council
Community Infrastructure Levy	25	Risk Based Audits	City Development	Becoming an efficient and enterprising council; promoting sustainable and inclusive economic growth
Bequests and Trusts	15	Risk Based Audits	Strategy and Resources	Becoming an efficient and enterprising council
Implementation of the Care Act	20	Risk Based Audits	Adult Social Care	Becoming an efficient and enterprising council; delivery of Better Lives programme
Implementation of new social care database	20	Risk Based Audits	Adult Social Care	Becoming an efficient and enterprising council; delivery of Better Lives programme
Zero based review of services	15	Risk Based Audits	Adult Social Care	Becoming an efficient and enterprising council; delivery of Better Lives programme

Draft Internal Audit Plan 2015/16				
Audit	2015/16 days	Assurance Block	Directorate	Links to Best Council Objectives
Partner Financial Management Arrangements	25	Risk Based Audits	Cross - Cutting	Becoming an efficient and enterprising council
Health and Safety	20	Risk Based Audits	Cross - Cutting	Becoming an efficient and enterprising council
Temporary Accommodation and Homelessness Follow Up Review	15	Risk Based Audits	Environment and Housing	Becoming an efficient and enterprising council; supporting communities and tackling poverty
Clients' Monies – Learning Disability Community Support Service Follow Up Review	10	Risk Based Audits	Adult Social Care	Becoming an efficient and enterprising council; delivery of Better Lives programme
Other Bank Accounts – Financial Controls	15	Risk Based Audits	Cross - Cutting	Becoming an efficient and enterprising council
Section 151 Responsibilities	25	Risk Based Audits	Strategy and Resources	Becoming an efficient and enterprising council
Safeguarding Arrangements	50	Risk Based Audits	Children's Services	Building a child friendly city, becoming an efficient and enterprising council
Total Risk Based Audits	490			
ICT (including Information Governance)				
Business Application Audits	35	ICT	Cross - Cutting	Becoming an efficient and enterprising council
Small system developments	30	ICT	Cross - Cutting	Becoming an efficient and enterprising council
Cloud Computing	10	ICT	Cross - Cutting	Becoming an efficient and enterprising council
Duplicate Payments Review	5	ICT	Cross - Cutting	Becoming an efficient and enterprising council
Pro-Active Data Analytics Work	100	ICT	Cross - Cutting	Becoming an efficient and enterprising council
ICT Equipment Purchasing and Disposal Follow Up Review	5	ICT	Strategy and Resources	Becoming an efficient and enterprising council
Information Governance – ICT/Information Governance Toolkit	20	ICT	Strategy and Resources	Becoming an efficient and enterprising council
Information Governance – Security of Electronic Data	30	ICT	Cross - Cutting	Becoming an efficient and enterprising council

Draft Internal Audit Plan 2015/16				
Audit	2015/16 days	Assurance Block	Directorate	Links to Best Council Objectives
Information Governance – Emerging Issues	10	ICT	Citizens and Communities	Becoming an efficient and enterprising council
Total ICT (including Information Governance)	245			
Contingency				
General Contingency	300	Contingency	Contingency	Becoming an efficient and enterprising council
Total General Contingency	300			
Operational Plan Total – 2015/16	4217			
Secondments	135			Becoming an efficient and enterprising council
Total Resource Plan 2015/16 (Operational Plan plus Secondments)	4352			

Audit Plan Days by Assurance Block - 2015/16





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Tel: 74214

Report of the Deputy Chief Executive

Report to Corporate Governance and Audit Committee

Date: 20th March 2015

Subject: Internal Audit Update Report 1st December 2014 to 31st January 2015

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 December 2014 to 31st January 2015 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 December 2014 to 31st January 2015 update report and note the work undertaken by Internal Audit during the period covered by the report.

1 Purpose of this report

- 1.1 The purpose of this report is to provide a summary of internal audit activity for the period 1st December 2014 to 31st January 2015 and highlight the incidence of any significant control failings or weaknesses.

2 Background information

- 2.2 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 December 2014 to January 2015 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 December 2014 to January 2015 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 December 2014 to January 2015 Update Report and note the work undertaken by Internal Audit during the period covered by the report.

7 Background documents

7.1 None.

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

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Individual Reviews**

2. SUMMARY OF AUDIT ACTIVITY AND KEY ISSUES

3. AUDIT PERFORMANCE

Section 1

INTRODUCTION

1.1 The Reporting Process

1.1.1 This update report provides stakeholders, including the Corporate Governance and Audit Committee, with a summary of internal audit activity for the period 1st December 2014 to 31st January 2015.

1.2 Background

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

1.3 Progress against the 2014/15 Operational Plan – High Level

1.3.1 The following table shows the progress against the operational plan for the period 1st April 2014 to 31st January 2015.

1.3.2 Achievement against the Total Audit Days element of the audit plan is currently at 82% against an expected 83.3%. Overall resources during 2014/15 have been less than was anticipated when the audit plan was compiled, due to factors such as staff secondments and absence. 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 2014/15	Days spent at 31 st January 2015	% completion at January 2015
<u>Financial Resource Risks</u>			
Spending Money Wisely	680	540	79%
Anti-Fraud and Corruption	694	554	80%
Key Financial Systems	755	565	75%
Grants and Other Head of Audit Assurances	89	71	80%
Compliance	257	283	110%
Procurement	322	252	78%
Risk Based Audits	300	279	93%
ICT	230	199	87%
Total Financial Resource Risks	3,327	2,743	82%

Assurance Block	Total Days per Audit Plan 2014/15	Days spent at 31 st January 2015	% completion at January 2015
<u>Other Risks</u>			
Compliance	38	49	130%
Public Sector Internal Audit Standards Compliance	60	31	52%
Total Other Risks	98	80	82%
<u>Continuing Development</u>			
Professional Liaison	18	5	32%
Training and CPD	100	79	79%
Quality Assurance and Improvement Program	20	17	84%
Total Continuing Development	138	101	73%
<u>Contingency</u>			
General Contingency	365	308	84%
Total Contingency	365	308	84%
Total Audit Days	3,928	3,232	82%

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

Assurance Block	Total Days per Audit Plan 2014/15	Days spent at 31 st January 2015	% completion at January 2015
Housing Leeds	250	123	49%
External Contracts	172	240	140%
Secondments	366	556	152%
Total Days	788	919	117%

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 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.

Organisational Impact		
Level	Definitions	
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 2014/15 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 1st December 2014 and 31st January 2015 (reports issued up to 30th November 2014 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		
Key Financial Systems					
Capital Programme Central Controls	Good	Good	Minor	Strategy and Resources	15/12/2014
Central Sundry Income	Substantial	Substantial	Minor	Strategy and Resources	16/01/2015
Income Management System	Substantial	N/A	Minor	Strategy and Resources	16/01/2015
Risk Based Reviews					
Leaving Care Payments – Follow Up Review	Acceptable	N/A	Minor	Children’s Services	18/12/2014
Blue Badge Eligibility Review	Substantial	N/A	Minor	Citizens and Communities/	13/01/2015

Report Title	Audit Opinion			Directorate	Date Issued
	Control Environment Assurance	Compliance Assurance	Organisational Impact		
				Adult Social Care	
Governance Arrangements	Acceptable	Good	Moderate	Public Health	22/01/2015
ICT					
Information Governance – Contracts and Commissioning	Limited	Acceptable	Moderate	Strategy and Resources	15/01/2015
Housing Leeds Assurance Framework					
Commercial Contracts Management – Procurement 2011 Operational Contract Manual	N/A	N/A	N/A	Environment and Housing	22/12/2014
Commercial Contracts Management Review	Acceptable	N/A	Minor	Environment and Housing	22/12/2014

Compliance Area	Report Title	Level of Compliance Assurance	Directorate	Date Issued
Compliance Reviews				
Income	Income from Park Mobile	High	Environment and Housing	13/01/2015

Report Title	Results/Opinion	Directorate	Date Issued
Head of Audit Assurances			
Temple Moor High School Science College Voluntary Fund 2014/15	Certification of Account Balances	Children's Services	02/12/2014
Templenewsam Halton Primary School Voluntary Fund 2013/14	Certification of Account Balances	Children's Services	03/12/2014
Lawnswood School Voluntary Fund 2014/15	Certification of Account Balances	Children's Services	13/01/2015

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 Key Financial Systems

2.1.1 The reviews of the key financial systems are usually undertaken between November and March so are currently in progress. A number of these reviews have been completed and reported already as shown in the table at 1.5 above. These are: Central Sundry Income and Income Management System. The level of assurance provided for these key financial systems reviews was good or substantial. Action plans have been agreed with the appropriate officers that, if implemented, will give substantial control environment assurance. Results from the remaining reviews in this assurance block will be reported in the next Internal Audit update report to the Corporate Governance and Audit Committee.

2.2 ICT

Information Governance – Contracts and Commissioning

2.2.1 The scope of the review was to obtain assurance that there is a robust system in place to ensure that information governance requirements are specified within council contracts as stipulated in the recommendations of the Information Commissioner's Office (ICO) audit in 2013.

2.2.2 The audit confirmed that there is a process for identifying contracts that require data protection and information governance clauses. However, the audit resulted in a limited assurance opinion for the control environment as the controls in place are currently not sufficient to ensure that all appropriate information governance and data protection requirements are included and managed within contracts. Recommendations were made in the following areas:

- The level of detail within the clauses of the contracts to cover all the aspects in which the Council and the contractor share information;
- Monitoring of the data protection and information governance aspects of the contracts;

- Clauses and compliance checks in respect of data cleansing and access to data once a contract has been completed; and
- Training for all officers in contracts and commissioning teams in line with the ICO action plan.

2.2.3 Acceptable assurance was provided on compliance with controls as the control environment has mainly operated as intended although the following issues were identified:

- A copy of one contract could not be found as there was no systematic filing system for both physical and electronic copies of contracts; and
- The audit found that not all members of staff within the contracts and commissioning teams had completed the level 1 training at the time of reporting (January 2015). All members of staff should have completed this training by the end of August 2014.

2.2.4 The organisational impact was assessed as moderate. The recommendations contained within the report have been set in line with those stipulated in the ICO audit action plan and have been agreed with the Corporate Information Governance team, Public Private Partnership and Procurement Unit and Housing Leeds Contracts team. The timescales specified within the report must be met to ensure the targets agreed in the ICO audit action plan are achieved. The majority of the recommendations are due to be implemented by 31st March 2015 with further improvements on information governance training agreed to be implemented by 31st December 2015. A follow up review will be undertaken during 2015/16 to ensure that the recommendations have been implemented.

2.3 *Spending Money Wisely*

2.3.1 Internal Audit presented a number of workshops on the Manager Challenge Autumn Event 2014 on Spending Money Wisely – how we can listen to and implement ideas. The interactive workshops focused on ideas that challenge change, the process for making suggestions, how to engage with staff ideas and the implementation of them. The outcomes of the session were that the participants would gain an understanding of:

- Some of the key ideas and efficiencies that have been suggested by staff and how they have been progressed/implemented;
- How to encourage good spending money wisely ideas from staff;
- How to implement ideas generated by staff and turn them into actions.

2.3.2 The workshops were well attended and the feedback received was very positive.

2.3.3 In addition, in order to promote awareness of Spending Money Wisely and the work that is happening across the council to meet this Value, the Spending Money Wisely blog has been playing videos of staff in different services talking about examples where they have made a real difference in saving money for the council.

2.4 *Corporate Support*

2.4.1 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 9-month secondment to Civic Enterprise Leeds.
- Another of the Section's trainees is on secondment to the Capital Team which is due to end at the end of April 2015.
- A member of staff has been providing support on a full time basis to Leeds and Partners since January 2013.

Section 3

AUDIT PERFORMANCE 2014/15

At 31st January 2015

3.1 PUBLIC SECTOR INTERNAL AUDIT STANDARDS

Internal Audit continues to monitor compliance with the Public Sector Internal Audit Standards on an on-going basis. The Internal Audit Charter is currently being reviewed and updated where necessary and this will be reported to a future Corporate Governance and Audit Committee. The results of the self-assessment review of compliance with the standards will also be reported to the Committee. This exercise is being undertaken in readiness for the external assessment process that must be undertaken by 31st March 2018.

3.2 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 auditee's 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.

As at 31st January 2015, 26 completed Customer Satisfaction Questionnaires had been received in relation to audit reports issued since 1st April 2014:

Results from Customer Satisfaction Questionnaires

Question	2014/15 Actual to date At 31 st January 2015 - % Score 3 or above	2014/15 Average Score At 31 st January 2015
Notice	100%	4.77
Scope	100%	4.73
Understanding	100%	4.50
Efficiency	100%	4.73
Consultation	100%	4.62
Professional/Objective	100%	4.85
Accuracy of Draft	100%	4.77
Opportunity to comment	100%	4.92
Final Report - Clarity & Conciseness	100%	4.88
Final Report – Prompt	92%	4.23
Recommendations	100%	4.65
Added Value	100%	4.62
Overall Average Score		4.69

The results from the Customer Satisfaction Questionnaires are once again extremely encouraging. Overall, these results are in line with the previous update report in 2014/15 and compare favourably in all areas against the reported results for 2013/14 with the exception of the prompt issue of the final report. However, this has improved from 88% (scoring 3 or above) in the previous update report to 92% covering the period from 1st April 2014 to 31st January 2015. As reported in the previous update report - in order to address this issue - the Section is progressing a review of its quality procedures and reporting protocols with Directorates to ensure that these reflect current working practices and also identify any improvements required.



Report author: Sonya McDonald
Tel: 74214

Report of the Deputy Chief Executive

Report to Corporate Governance and Audit Committee

Date: 20th March 2015

Subject: Leeds City Council Fraud Briefing

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. Leeds City Council is committed to the highest standards of openness, probity and accountability. To underpin this commitment, the council takes a zero tolerance approach to fraud and corruption and is dedicated to ensuring that the organisation operates within a control environment that seeks to prevent, detect and take action against fraud and corruption.

2. The Audit Commission publishes an annual report on fraud and corruption in Local Government called Protecting the Public Purse (PPP). The publication provides details of the amount of detected fraud, warns of emerging fraud risks and promotes best practice across the sector. Much of the information for PPP is drawn from the results of the annual Fraud and Corruption Survey.

3. To accompany PPP and to give focus to local priorities, the Audit Commission produces a Fraud Briefing which has recently been provided to the council by the external auditors. This uses the results of the Fraud and Corruption Survey to provide an information source to support councillors in considering their council's fraud detection activities, extending an opportunity for councillors to consider fraud detection performance in comparison with similar local authorities. The Leeds Fraud Briefing 2014 has provided Internal Audit with the opportunity to produce this report to the Corporate Governance and Audit Committee, summarising the work undertaken across the council in respect of the key risk areas identified within the briefing.

4. The Leeds City Council Fraud Briefing 2014 is attached to this report.

Recommendations

5. Members are asked to receive the Leeds City Council Fraud Briefing 2014 and to note the contents and assurances provided within this report. Members are asked to receive these assurances on an annual basis going forward.

1 Purpose of this report

- 1.1 The purpose of this report is to provide further information on the Leeds City Council Fraud Briefing 2014 (see attached) and summarise the council's counter fraud activities and performance throughout 2013/14.

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, including matters such as internal control and risk management. As such, the council's performance in preventing and detecting fraud is a key source of assurance providing the Committee with some evidence that the internal control environment is operating effectively.
- 2.2 The annual Audit Commission Fraud and Corruption Survey can provide a valuable source of assurance to the committee on the effectiveness of the council's approach to preventing and detecting fraud. The survey establishes counter fraud performance statistics based on facts, collecting details of detected incidents of fraud and corruption where action has been taken following an investigation or enquiries, and as a result an officer with management authorisation has determined that on the balance of probabilities a fraud or act of corruption has occurred. In some cases, councils report that they have detected fraud but do not record the number of cases or the value within the Fraud and Corruption Survey. For the purpose of the Fraud Briefing, these records are shown as nil cases detected.

3 Main issues

- 3.1 The Audit Commission publishes an annual report on fraud and corruption in Local Government called Protecting the Public Purse (PPP). This publication provides details of the amount of detected fraud, warns of emerging fraud risks and promotes best practice across the sector. Much of the information for PPP is drawn from the results of the annual Fraud and Corruption Survey which were collated by the Audit Commission in May 2014 prior to publication at the end of October.
- 3.2 To accompany PPP and to give focus to local priorities, the Audit Commission compiles a Fraud Briefing which has recently been provided to the council by the external auditors. This uses the results of the Fraud and Corruption Survey to provide an information source to support councillors in considering their council's fraud detection activities, extending an opportunity for councillors to consider fraud detection performance in comparison with similar local authorities. Detected fraud levels are indicative, not definitive, of counter fraud performance. Lower detection rates do not necessarily demonstrate a failure to find fraud, and may be indicative of robust internal controls that operate in the prevention and deterrence of fraud.
- 3.3 As custodians of the council's anti-fraud and corruption policy framework and owners of the fraud and corruption risk, Internal Audit adopts an overarching

responsibility for reviewing the council's approach to preventing and detecting fraud. Working alongside dedicated specialist teams and services across the council, Internal Audit draws upon best practice and guidance from a number of sources to assist in steering the focus and direction of counter fraud activities. The audit planning process identifies and assesses the risks that the authority is exposed to across all areas of operation, arriving at a detailed plan of work that is reflective of the level of risk faced which aims to ensure that there are adequate and proportionate controls in place to address the risk of fraud and corruption.

- 3.4 The Leeds City Council Fraud Briefing 2014 identifies the key fraud risk areas, and is broken down into sections setting out the outcomes in respect of fraud detection across each area. The council's efforts are focussed on counter fraud activity in these key areas alongside other areas of emerging risk. The Fraud and Corruption Survey, from which the results of the briefing are drawn, includes varying definitions of what constitutes fraud within each risk area. As such, the associated definitions and interpretations have been set out at the start of each section of this report. In total, Leeds detected 441 cases of fraud at a total value of £1,084,579 during 2013/14. Further information on the risk areas covered by the Fraud Briefing will inform the remainder of this report.

Housing Benefit and Council Tax Benefit 2013/14

- 3.5 *The Fraud and Corruption Survey includes all cases where management action has been taken, such as an investigation or enquiries made, and as a result an officer with management authorisation has determined that on the balance of probabilities a fraud or act of corruption has occurred. As such, cases do not require a sanction or prosecution to be determined as fraudulent.*
- 3.6 During the course of 2013/14, Internal Audit carried out a review of the arrangements in place to prevent and detect fraud at Leeds Benefit Services (LBS). The audit provided substantial assurance on the controls in place, noting the adoption of the Department for Work and Pensions (DWP) Operational Strategy and Prosecution Policy leading to the prioritisation of the most serious fraud cases. In 2013/14 Leeds detected 133 cases of Housing Benefit and Council Tax Benefit Fraud at a total value of £1,029,168. Whilst the number of cases detected by Leeds was below the average for other Metropolitan District Councils, the value of the detected fraud was significantly higher. This reflects the success of the LBS Fraud Team in focusing on the investigation of high value prosecutable fraud cases in accordance with the adopted strategy.

Council Tax Discount Fraud

- 3.7 *The survey records the total value, including previous years, of council tax owed when a decision during the year determined that the liable person was not entitled in whole or part to any discount or entitlement.*
- 3.8 Where non entitlement to a Council Tax discount is discovered, Leeds City Council will cancel the discount and pursue recovery of the monies where possible. There are comprehensive recovery procedures in place to cover all aspects of Council Tax recovery in line with legislation, and Leeds' Council Tax systems were provided with substantial assurance following the annual internal

audit. The service has utilised a number of controls to detect fraudulent discount claims, including activities ranging from data matching exercises, to the issuing of Council Tax Review forms with annual bills. During the period of the survey, the Council Tax team did not record the cumulative value of the Council Tax discounts cancelled and associated recoveries. As a result, Leeds is one of a number of authorities that records no fraud detected for the purpose of the survey. However, Single Person Discount (SPD) review forms issued with 2014/15 annual bills resulted in 975 SPD cancellations, and the council is now set to undertake an extensive SPD review using data matching aimed at further enhancing revenues from the detection and recovery of ineligible discount claims.

Social Housing Fraud

3.9 *Social Housing Fraud includes sub-letting fraud, where a tenant lets part, or all of their home to somebody else contrary to the tenancy agreement. Social housing fraud also includes, but is not limited to, issues such as fraudulent application, succession abandonment, or non-occupation of the principal home. The Fraud and Corruption survey only reports on instances where the property has been brought back into council or ALMO control.*

3.10 In 2013/14 Leeds recovered 42 properties, comprising of 17 cases of sub-letting fraud and 25 cases arising from other types of tenancy fraud. This is above the average number of properties recovered by other Metropolitan District Councils, and double the number of properties recovered by Leeds in 2012/13. There are a number of controls in place including the posting of dedicated tenancy fraud officers who work with the registered social landlords across the city area, the regular meeting of the Housing Tenancy Fraud Forum and the use of other tools such as the National Anti-Fraud Network (NAFN), the National Fraud Initiative (NFI), and other counter fraud initiatives. In previous years, housing teams have provided lettings self-assessments to Internal Audit as a means of providing assurances that controls in place to allocate lettings are being correctly applied, and Internal Audit is proposing to undertake further work in this area following the Housing Leeds restructure.

Right to Buy Fraud

3.11 *Right to Buy (RTB) fraud could include misrepresenting the length of the tenancy to gain a greater discount; concealing a tenancy history for example not disclosing previous rent arrears, possession orders, transfers or evictions; attempting to purchase a property whilst not using it as your sole or principal home; misrepresenting the household composition for example submitting a joint RTB application with someone who does not reside at the property, or has not done so for the required period.*

3.12 In 2013/14 Leeds detected one case of RTB fraud at a value of £24,000. This has been determined by the value of the discount calculated. Other Metropolitan District Councils with housing stock detected an average of one case valued at £108,970. The council undertakes various checks at application stage and instances of suspected fraud are passed to the Tenancy Fraud Investigators for further investigation in an attempt to prevent any fraudulent applications from

progressing. The last audit of Right to Buy provided good assurance for both the control environment and compliance with the control environment.

Disabled Parking (Blue Badge) Fraud

- 3.13 *This type of fraud includes any cases of disabled parking concessions, including false representation of renewal after the initial holder has died.*
- 3.14 In 2013/14 Leeds detected 280 cases which was higher than any of the other Metropolitan District Councils included on the briefing. The figures reported by Leeds include instances in which the badge had been found to be used without the presence of the badge holder. Abuse of the badges in this manner deprives an individual with genuine need and entitlement to disabled parking facilities. Internal Audit receives referrals from members of the public who have concerns relating to badge abuse through the council's Raising Concerns Policy. This Policy enables members of the public to raise any concerns that they have around a fraud, malpractice or wrongdoing. Internal Audit has also recently carried out a review of the eligibility and assessment procedure and provided substantial assurance on the controls in place to ensure that blue badges are correctly awarded in accordance with Department for Transport guidelines.

Procurement Fraud

- 3.15 *This type of fraud is defined as any fraud linked to the false procurement of goods and services for the organisation either by internal or external persons or companies including, but not limited to: violation of procedures; manipulation of accounts, records or methods of payment; failure to supply; and failure to supply to contractual standard.*
- 3.16 Procurement fraud can be difficult to detect, particularly when suppliers are acting in collusion, and whilst Leeds reported no detected cases of procurement fraud in 2013/14, the work carried out by Internal Audit and within the Public Private Partnerships and Procurement Unit itself is key to providing ongoing assurances that the council is operating a robust system of internal control in this area. A significant proportion of the annual Internal Audit Plan is devoted to undertaking proactive procurement based audits, including contract management audits selected on a risk basis to provide assurance that there are adequate governance arrangements in place to monitor the delivery of services in line with the contracts in place. The council is also engaged in establishing a Competition Damages Recovery Unit, working with partners including 52 other local authorities, the Chartered Institute of Public Finance and Accountancy (CIPFA) and a private solicitor, to recover illegal overpayments on purchases made.

Insurance Fraud

- 3.17 *Insurance fraud is defined as any claim against your organisation or your organisation's insurers that proves to be false.*
- 3.18 The council's insurance investigation service has been provided by an external contractor, and emphasis has been placed on preventing insurance fraud from taking place and ensuring that suspected false claims are duly referred to the

contractor's dedicated fraud investigation unit for further investigation prior to any pay out. As a result, Leeds reported no detected cases in 2013/14, with the nil return based on recorded proof of fraud in individual cases. This would take the shape of an arrest, a civil judgement, or a finding in a magistrate's court or higher. There were no instances which escalated to this level.

Social Care Fraud

- 3.19 *This is defined as any fraud linked to social services provision including, but not limited to: false payments to contractors for house modifications; personalised budgets for the purchase of care; failing to declare capital and assets; and care provision by contractors or a nongovernmental organisation which are not for the benefit of the person being cared for.*
- 3.20 The council has a team of staff within the service that undertake cyclical audits of direct payments and personal budgets on a risk basis. Where it is found that direct payments have not been utilised in accordance with the agreement in place, the council will seek to recover the monies, however this would not necessarily be recorded as fraud. In 2013/14, Leeds reported one case of detected fraud at a £17,231.19, however the value of monies recovered through the audit process was several times higher than this. Internal Audit has carried out data matching exercises alongside local partners in respect of personal budgets and direct payments, and carries out annual audits of care payments. Good assurance has been provided for the controls in place. Internal Audit also previously carried out proactive exercises to review payments made to home care providers and found that appropriate controls were in place to enable the detection of fraud.

Internal Fraud

- 3.21 *Internal fraud has a far reaching definition, and can include instances such as abuse of position, manipulation of financial or non-financial data, and employee contract fulfilment fraud.*
- 3.22 A robust system of internal control is key to preventing and detecting internal fraud, and the risk based audit plan is geared towards ensuring proportionate audit coverage in identified risk areas. The visible presence of Internal Audit, including the unannounced visit programme, acts as a deterrent to internal fraud across the organisation. Effective whistleblowing channels are also key to ensuring that instances of internal fraud can be brought to the attention of Internal Audit, enabling the associated risks to be addressed at the earliest possible stage. The council has reviewed its whistleblowing procedures in accordance with the Whistleblowing Code of Practice and signed up to the Public Concern at Work First 100 campaign to demonstrate a commitment to upholding the principles of the code and embedding a culture in which concerns can be raised confidently through accessible channels. In 2013/14, Leeds detected 10 cases of internal fraud at a value of £7,758. Internal Audit logged a total of 64 whistleblowing cases throughout the period, and even where subsequent investigation finds no confirmed evidence of fraud, the whistleblowing procedures provide a valuable means of enabling any identified internal control weaknesses to be duly addressed with the relevant services.

3.1 Consultation and Engagement

3.1.1 This report did not highlight any consultation and engagement considerations.

3.2 Equality and Diversity / Cohesion and Integration

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

3.3 Council policies and City Priorities

3.3.1 The Council takes a zero tolerance approach to fraud and corruption and therefore an assessment of the fraud detection performance is a key source of assurance in ensuring that internal controls and whistleblowing procedures are operating effectively to counter fraud.

3.4 Resources and value for money

3.4.1 The council's counter fraud activities are an important driver in ensuring that resources are protected and that value for money is obtained in the council's work.

3.5 Legal Implications, Access to Information and Call In

3.5.1 None.

3.6 Risk Management

3.6.1 The continuing review of the controls in place to prevent and detect fraud will assist in identifying key risks and priority areas that may be in need of additional investigation and resource.

4 Conclusions

4.1 The Corporate Governance and Audit Committee is provided with assurances that the council is operating a robust system of internal control to prevent, detect and address the risks associated with fraud and corruption. The council has a number of dedicated teams operating across the organisation, and the risk based audit plan has been developed to provide assurances that proportionate controls have been implemented and embedded within identified risk areas.

4.2 The Leeds City Council Fraud Briefing 2014 provides a measure of the council's performance in detecting fraud and corruption across key risk areas during 2013/14. The results set out within the publication, alongside wider performance measures and assurances, inform the ongoing review of counter fraud procedures and focus across the council and have been considered in the development of the audit plan for 2015/16.

5 Recommendations

- 5.1 Members are asked to receive the Leeds City Council Fraud Briefing 2014 and to note the contents and assurances provided within this report. Members are asked to receive these assurances on an annual basis going forward.

6 Background documents

- 6.1 None.

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Protecting the Public Purse

Fraud Briefing 2014

Leeds City Council



Purpose of Fraud Briefing



Provide an information source to support councillors in considering their council's fraud detection activities



Extend an opportunity for councillors to consider fraud detection performance, compared to similar local authorities



Give focus to discussing local and national fraud risks, reflect on local priorities and the proportionate responses needed



Be a catalyst for reviewing the council's current strategy, resources and capability for tackling fraud

Understanding the bar charts

Outcomes for the first measure for your council are highlighted in yellow in the bar charts. The results of your comparator authorities are shown in the green bars.



Outcomes for the second measure for your council are highlighted as a green symbols above each bar. The results of your comparator authorities are shown in the white triangles.



A '*' symbol has been used on the horizontal axis to indicate your council.

All data are drawn from council submissions on the Audit Commission's annual fraud and corruption survey for the financial year 2013/14.

In some cases, council report they have detected fraud and do not report the number of cases and/or the value. For the purposes of this fraud briefing these 'Not Recorded' records are shown as Nil.

Interpreting fraud detection results



Contextual and comparative information needed to interpret results



Detected fraud is indicative, not definitive, of counter fraud performance (*Prevention and deterrence should not be overlooked*)



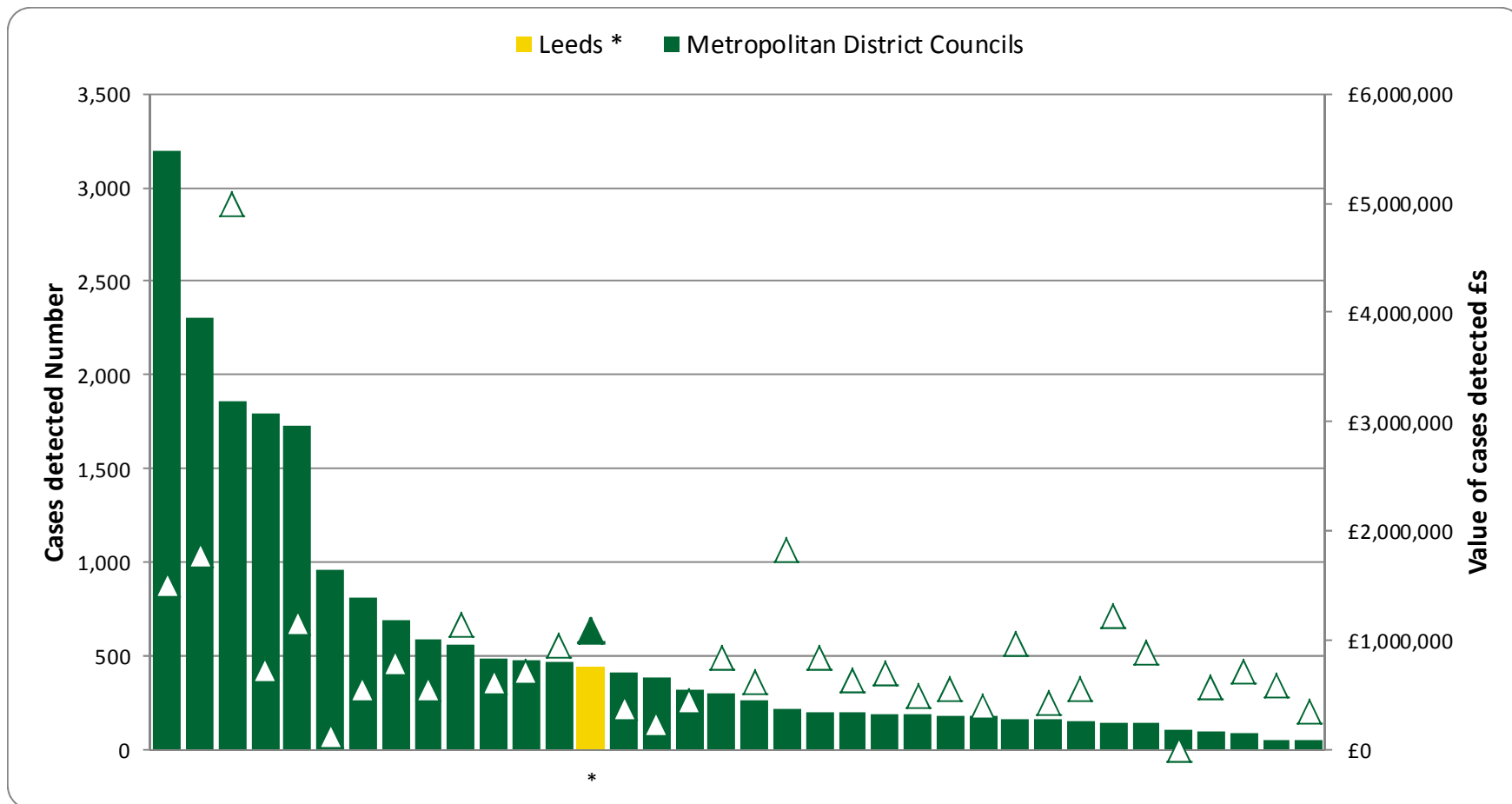
No fraud detected does not mean no fraud committed (*Fraud will always be attempted and even with the best prevention measures some will succeed*)



Councils who look for fraud, and look in the right way, will find fraud (*There is no such thing as a small fraud, just a fraud that has been detected early*)

Total detected cases and value 2013/14 (Excludes Housing tenancy fraud)

Leeds



Leeds detected 441 cases of fraud. The value of detected fraud was £1,084,579.

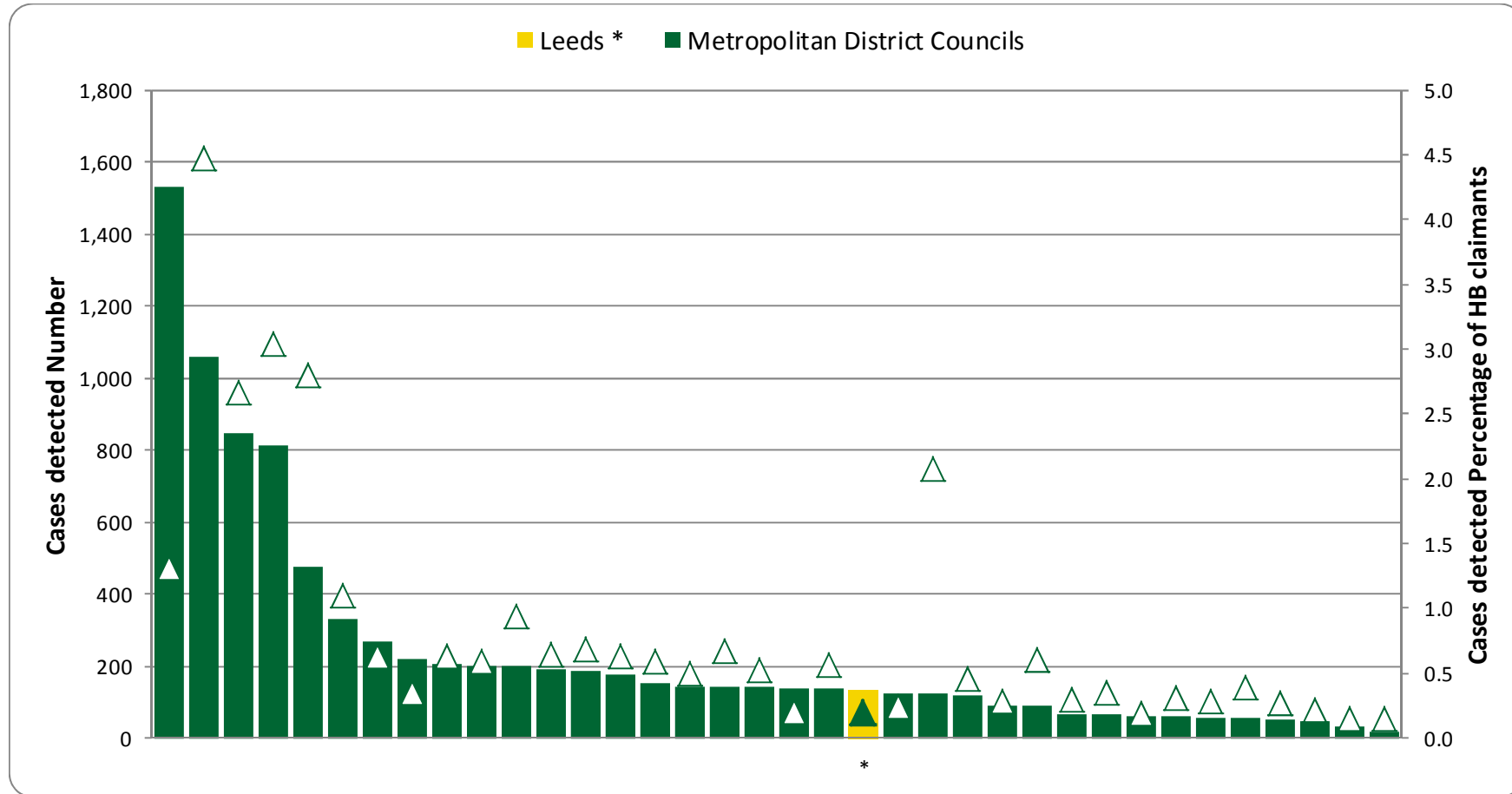
Average for other Metropolitan District Councils: 575 cases, valued at £855,356



Housing Benefit (HB) and Council Tax Benefit (CTB) 2013/14

Total detected cases, and as a proportion of housing benefit caseload

Leeds



Leeds detected 133 cases of this type of fraud. The value of detected fraud was £1,029,168.

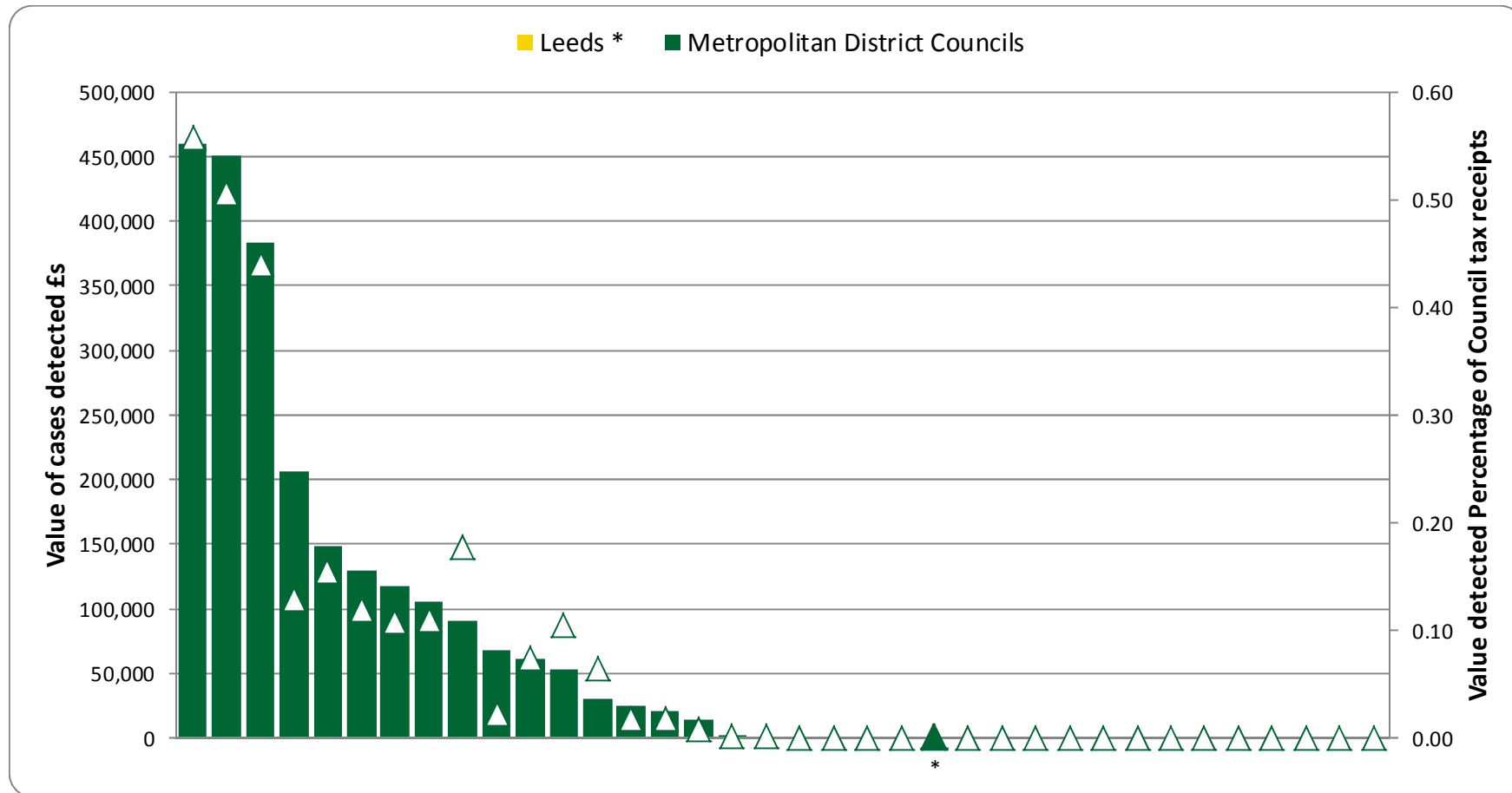
Average for other Metropolitan District Councils: 246 cases, valued at £711,577



Council tax discount fraud 2013/14

Total detected value, and value as a proportion of council tax income

Leeds

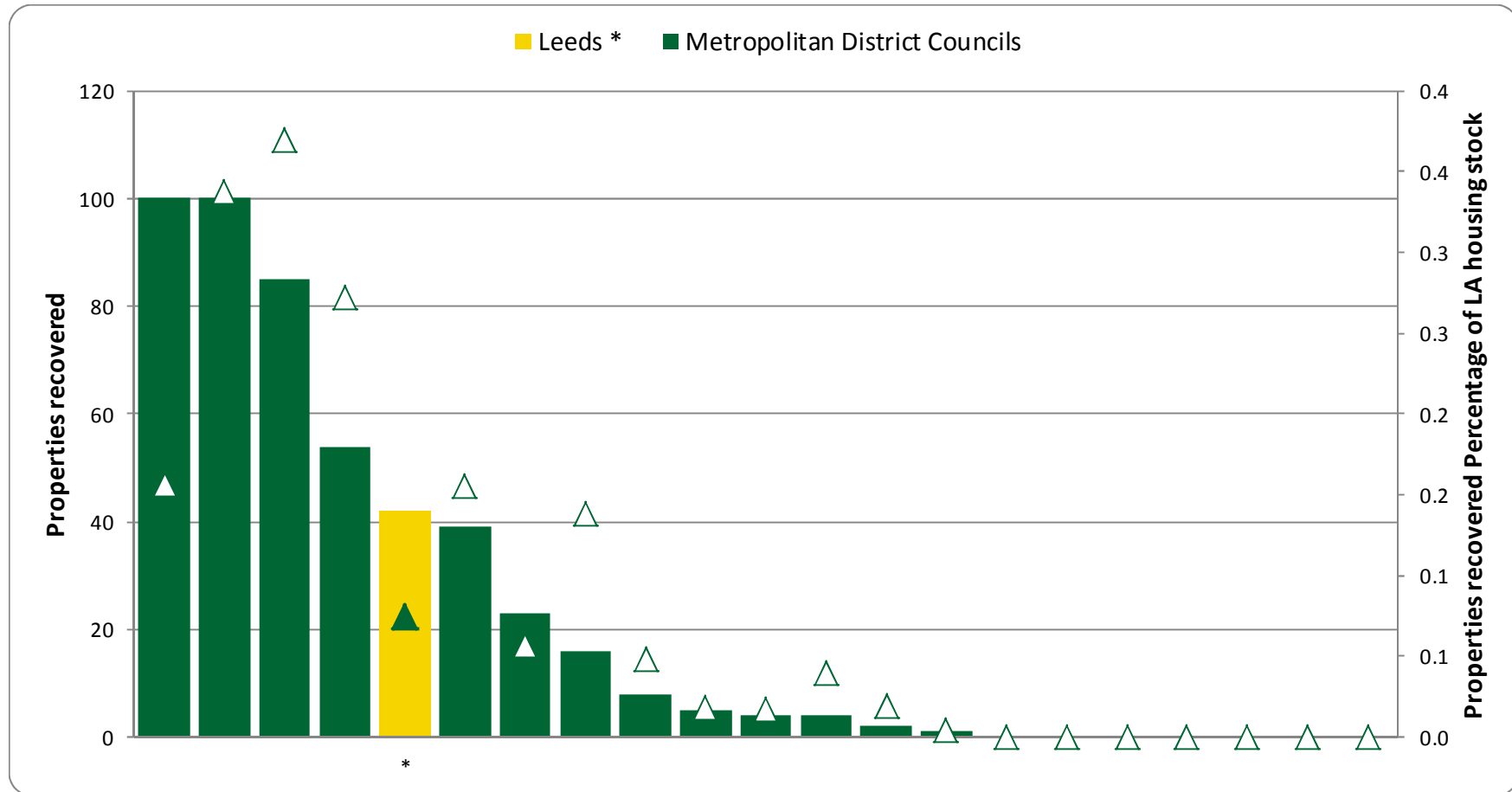


Leeds did not detect any cases of this type of fraud.
 Average for other Metropolitan District Councils: 299 cases, valued at £67,632



Social Housing fraud (only councils with housing stock) 2013/14 Total properties recovered, and as a proportion of housing stock

Leeds

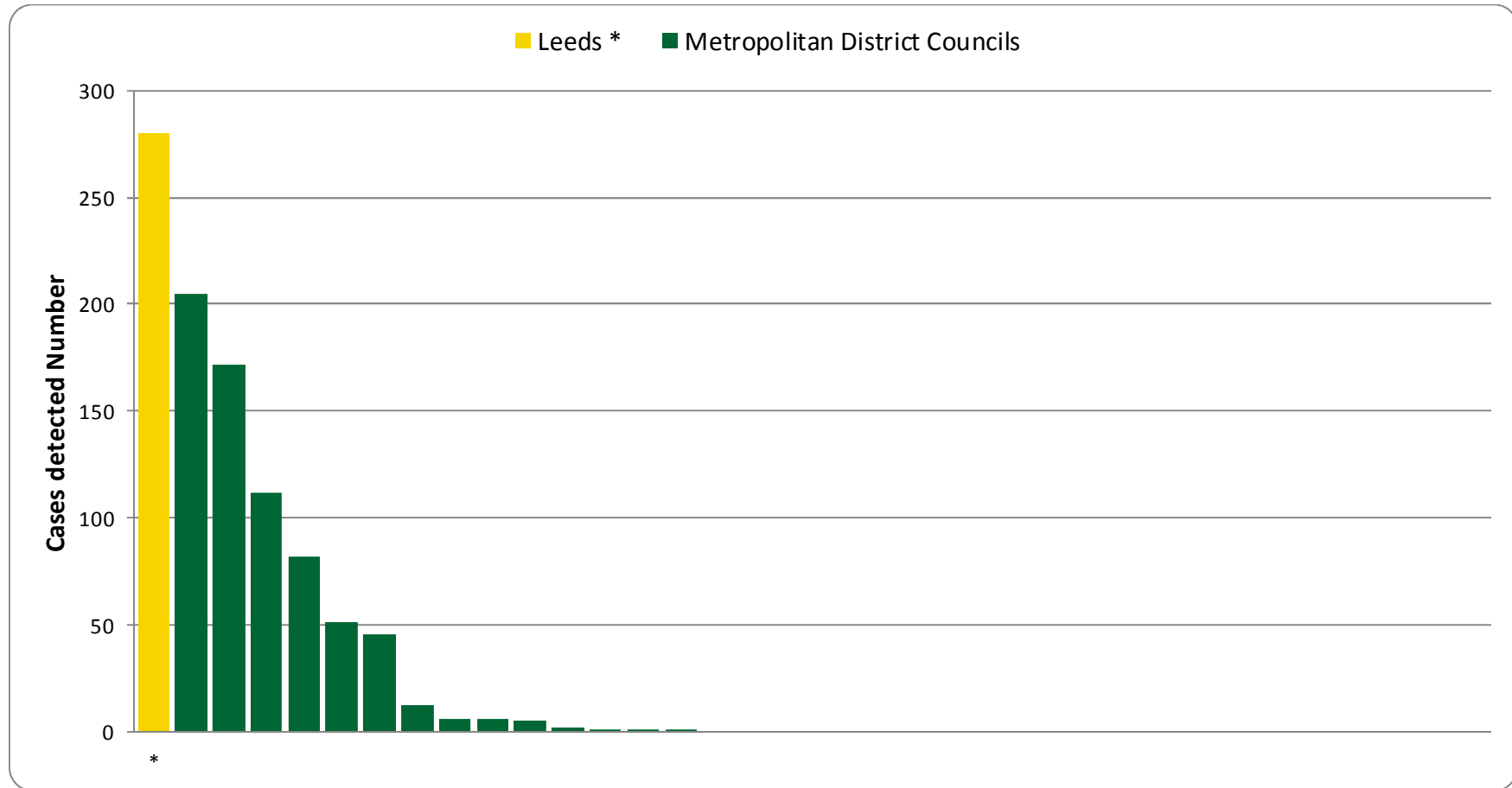


Leeds recovered 42 properties.
Average for other Metropolitan District Councils with housing stock: 22 cases



Disabled parking (Blue Badge) fraud 2013/14

Leeds



Leeds detected 280 cases of this type of fraud.
Average for other Metropolitan District Councils: 20 cases

Other frauds 2013/14

Leeds

Procurement: Leeds did not detect any cases of this type of fraud.
Total for other Metropolitan District Councils: 7 cases, valued at £620,540

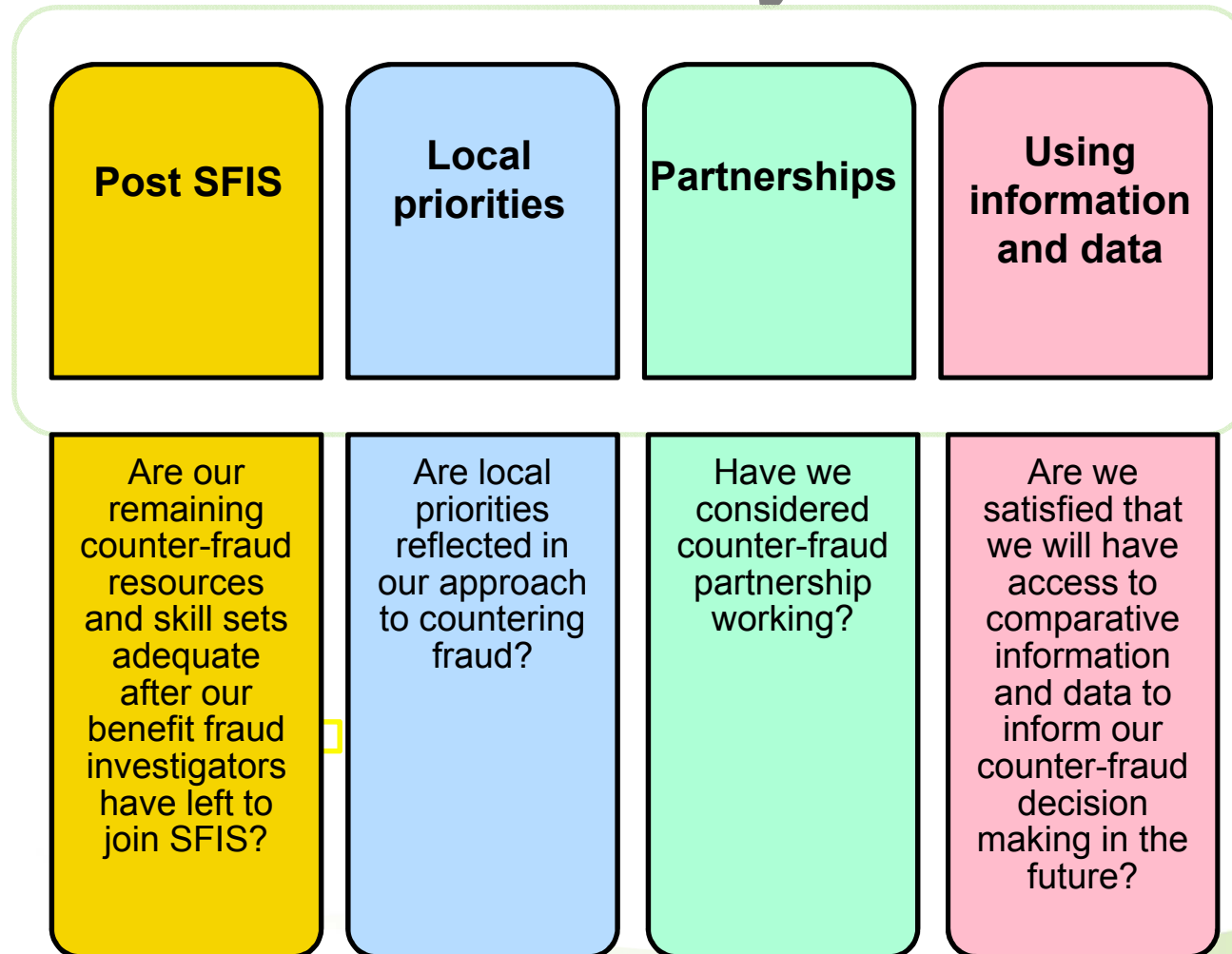
Insurance: Leeds did not detect any cases of this type of fraud.
Total for other Metropolitan District Councils: 94 cases, valued at £1,248,884

Social care: Leeds detected 1 case of this type of fraud. The value of detected fraud was £17,231.
Total for other Metropolitan District Councils: 60 cases, valued at £472,847

Internal: Leeds detected 10 cases of this type of fraud. The value of detected fraud was £7,758.
Total for other Metropolitan District Councils: 325 cases, valued at £651,608

*Correctly recording fraud levels is a central element in assessing fraud risk.
It is best practice to record the financial value of each detected case*

Questions elected members and decision makers may wish to ask



Any questions?



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Report author: Andy Nutting

Tel: 07891 276168

Report of Deputy Chief Executive

Report to Corporate Governance and Audit Committee

Date: 20th March 2015

Subject: Annual Information Governance Report

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 checked="" type="checkbox"/> Yes <input 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 Senior Information Risk Owner responsibility is now with the Deputy Chief Executive, Strategy & Resources. This role has overall ownership[of information risk management across the council, acts as champion at Board level and provides the Chief Executive with written advice on the content of the Statement of Internal Control in regard to information risk.

2. The work required to address the recommendations of the Information Commissioners Audit report has been completed or is underway.

3. Significant , strategic work on Information Management and Information Governance is being undertaken to strengthen management of information in support of the business of the council, to respond to external requirements and to identify opportunities for efficiency and other value gains in the management of information.

4. The council is fully compliant with the Department of Communities and Local Government's Transparency Code, and continues to lead the way in proactively making datasets available for re-use across the City and wider local region, thereby providing continued commitment to the council's value of being open and transparent.

Recommendations

5. Corporate Governance and Audit Committee is asked to consider the contents of this report and the assurance provided as to the Council's approach to information governance.

1 Purpose of this report

- 1.1 To provide Corporate Governance and Audit Committee with an annual report on the steps being taken to improve Leeds City Council's information governance in order to provide assurance for the annual governance statement.

2 Background information

- 2.1 Leeds City Council recognises the need to protect its information assets from both accidental and malicious loss and damage. Information Governance is taken very seriously by the council and this is evidenced by the on-going work to improve the management and security of our information as outlined in this report.
- 2.2 The report provides Committee Members with an update on the more strategic and cross-council activity on-going to provide assurance on our approach to information governance.

3 Main issues

- 3.3 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 against current standards of 'good practice', with the agreement of the data controller.
- 3.4 Leeds City Council was the subject of enforcement action in 2012 by the Information Commissioner's Office (ICO) with both an Undertaking and a Civil Monetary Penalty issued for separate data protection breaches. The ICO followed up these sanctions with an audit of its processing of personal data in October 2013. Members of this Committee received a detailed report on 21st January 2014 providing information about the audit and the fact that the council was able to provide the ICO with reasonable assurance about our data protection practices. Appendix A contains a summary of the current position against these recommendations.
- 3.5 In September 2014 the council reported progress against each recommendation. In response the ICO acknowledged that significant progress has been made on all recommendations. The ICO also acknowledged, and was complimentary about the fact that the council was often doing work over and above their recommendations. The residual work is ongoing.
- 3.6 Apart from generally improving good practice some recommendations represent key actions necessary to keep pace with the increasing demands of compliance with information law.
- 3.7 Each public authority is now expected to nominate a senior member of staff to act in the role of Senior Information Risk Officer (SIRO). Following the reorganisation of the corporate centre this nomination transferred from James Rogers, Assistant Chief Executive (Citizens & Communities), to Alan Gay, Deputy Chief Executive (Strategy and Resources). This transfer accompanied the move of the Corporate Information Governance function to the Chief Information Officer, ICT. The SIRO

has overall ownership for information risk management across the council, acts as champion for information risk at Board level and provides the Chief Executive with written advice on the content of the Statement of Internal Control in regard to information risk.

- 3.8 Information is expensive to gather, use and hold and great potential remains for the further exploitation of our information resources and the uncovering of savings in the handling of information. It follows that it should be managed as efficiently as all other valuable assets like people, business process and infrastructure. Accordingly, an Information Management Strategy for the council is under development. It will be designed to align to the council's outcomes and objectives and particular needs of service delivery. This will help to establish business and information needs for the council in a sensible and disciplined way, and build efficient ways of managing them.
- 3.9 The Information Management Strategy will ensure that all information related activity will be appropriate, cost effective, and compliant and that it will contribute positively to the success of Council initiatives.
- 3.10 In the short term, several key initiatives are now in progress which will support this Strategy and improve assurance to the council in their own right. The paragraphs below set out some detail of each of these key initiatives.
- 3.11 Information Management activities will operate under a new Information Management Board chaired by the Chief Information Officer with key, senior directorate members. The board will oversee the direction and development of the structures and policies needed to ensure standard information management is embedded across the whole council; it will, for example, receive reports on how well each directorate is doing in key information management areas, along with risk, and recommend and monitor remedies to mitigate risks to information assets.
- 3.12 A risk model for information has been defined and will be incorporated as a key risk category in the corporate risk register. This model will operate at Directorate level and is expected to be deployed very shortly. This approach will give a comprehensive and authoritative overview of information risk across the council for the first time, and achieved at almost no additional cost. This model will provide assurance to the council's SIRO that risks to information assets are identified, reported and evaluated to assess the risk to the business in a more consistent and effective way.
- 3.13 The council's Information Management Board has approved a redesign of the council's existing Information Asset Register, and a refresh of the role of Information Asset Owner. A project is underway to implement both these measures by the end of 2015.
- 3.14 An Information Asset Register is a mechanism for understanding an organisation's information assets and the risks associated with them. The register allows us to better see how information content and information systems interact with changes to business requirements and the technical environment. The information assets are defined as belonging to Heads of Service in the main. They are responsible for making sure the asset properly supports the business, and

that risks and opportunities connected with it are monitored and acted upon. This means also that they have a key role in embedding and maintaining policies around the use and handling of information which will improve the cohesion and consistency of information management across the council. The SIRO will consider a report providing an annual statement of control in respect of information assets recorded on the register, in order to identify and mitigate risk and provide the necessary level of assurance required about information management practice across the council.

- 3.15 The council has an approved corporate information governance training strategy which includes a mandatory basic training for all council staff which is refreshed every two years. This training took place in June 2014 and a process to ensure maximum take up was followed. Most existing council staff (95%+) have completed the training and processes are in place to ensure that new starters take the training.. This provides the City Council with all staff have a basic appreciation of the requirements of the Data Protection Act as it affects them. The fact that take up is recorded allows the council to demonstrate that training has been provided to all employed individuals and provides evidence to regulators such as the ICO that the council has a comprehensive training programme on information governance across its workforce. This is important as the ICO will take account of the level and adequacy of training when considering organisations mitigation in relation to reported information incidents.
- 3.16 External standards and their requirements provide internal assurance to the council. The two principal standards are the Information Governance Toolkit and the Public Services Network Accreditation.
- 3.17 The Information Governance Toolkit is a Department of Health return which is mandated for those organisations requiring access to Health data to provide a level of assurance about information governance processes and levels of good practice. LCC are required to carry out a self-assessment of our compliance against the Toolkit. To this extent, the Toolkit is being completed to provide such assurance on behalf of the council's IT Services, Adult Social Care service, Children's Services and Public Health service.
- 3.18 The Public Services Network (PSN) is a secure network for the UK public sector. Participants need to be accredited to common technical infrastructure security standards (PSN Code of Connection) so that connecting organisations form a mutually assured community at the technical level. The council is accredited and is connected to the network.
- 3.19 The Information Governance Toolkit and the Public Services Network Accreditation are both renewed annually so that the assurance they provide remains current and the council is confident that the assessments taking place this year will provide continued accreditation.
- 3.20 While no organisation is immune from information security incidents, the levels of incident are closely managed. The Information Security Incident Management and Reporting process has been simplified significantly and a dashboard brought into use allowing real time reports at Corporate and Directorate levels. . Since the Information Commissioner's audit in 2012, the council has had an improved

record and not experienced any incidents which have required involvement by the Information Commissioner.

- 3.21 Internal Audit has an allocated annual programme of work which covers Information Governance. In 2014/15 Internal Audit completed some follow up work on the programme of checks on contracts required by the ICO Undertaking issued to the council in 2012. The scope of the review was to obtain assurance that there is a robust system in place to ensure that information governance requirements are specified within council contracts as stipulated in the recommendations of the ICO audit.
- 3.22 The audit found that, whilst there is a level of acceptable assurance around operational controls, limited assurance can only be provided in relation to controls to ensure appropriate information governance is included and managed within all contracts. As such, the organisational impact has been assessed to have a moderate impact. A series of recommendations have been identified and agreed to improve controls, and these recommendations are being implemented in partnership between the Corporate Information Governance Team and the Public Private Partnership and Procurement Unit.
- 3.23 Leeds Data Mill, an open data platform for Leeds was launched in March 2014. The website stores in a single repository, not only Leeds City Council data, but also data for other public bodies, the private, 3rd, and voluntary sectors. This approach has won both local engagement and national recognition and has enabled the council to unlock central government funding to help with Leeds' ambitions of becoming 'the best city for open data'. The council is currently publishing 115 datasets compared to 20 datasets one year ago, which exemplifies the council's commitment to openness and transparency.
- 3.24 Members have previously been informed of the government's intention to enforce publication of certain datasets in its Local Government Transparency Code. In September 2014 the Government published a final version of the Local Government Transparency Code making it a mandatory requirement to publish named data sets by particular deadlines. All datasets were published on time and processes put in place to ensure these are maintained going forward.
- 3.25 The EU published a directive (INSPIRE) in 2009 concerning the publication of mainly environmental data. . Most councils' have chosen to use some of their allocated DEFRA funding to work with a private software supplier to help them overcome the first set of INSPIRE requirements. Due to the relatively low costs involved with this option, Leeds has chosen to take the same approach in the short term. There are however, additional requirements in the coming years to facilitate the harmonisation of data across Europe. LCC is therefore leading on discussions with other local authorities in the Yorkshire and Humber region to investigate whether a regional collaborative approach could deliver a more cost effective solution in the longer term that will provide assurance that local authorities in the region are complying with the Directive.

3.26 Consultation and Engagement

3.26.1 Consultation on the development of strategies, policies, procedures and standards are extensively undertaken across a broad range of stakeholders including information management professionals, representatives from all Directorates via representatives of Information Management and Technology Teams and Information Management Board members.

3.27 Equality and Diversity / Cohesion and Integration

3.27.1 Equalities, diversity, cohesion and integration are all being considered as part of delivering the Information Management Strategy. This refers to the way training is being delivered as well as how policies will impact on staff and partners.

3.28 Council policies and City Priorities

3.28.1 The policies support the Information Management Strategy and contain areas of legal requirement. Furthermore, the implementation of the Information Management Strategy will improve the quality of the council's policy framework by ensuring the authenticity, integrity and security of the information contained therein.

3.28.2 Under the Code of Corporate Governance in Part Five of the council's Constitution, the fourth principle (taking informed and transparent decisions which are subject to effective scrutiny and risk management) requires decision making processes and enables those making decisions to be provided with information that is relevant, timely and gives clear explanation of technical issues and their implications.

3.29 Resources and value for money

3.29.1 Capacity within Directorates to deliver, embed and monitor compliance to information governance and information risk management practice is being resourced through the implementation of Information Management and Technology (IM&T) teams within each Directorate. Information Governance FTE's are included in each of the IM&T teams.

3.29.2 The way Information Governance is structured and organised is currently being reviewed with a view to ensuring that the way information management is deployed and delivered across the organisation and city takes account of the Better Business Management Principles: Standardise; Simplify and Share.

3.30 Legal Implications, Access to Information and Call In

3.30.1 Delegated authority sits with the Deputy Chief Executive and Senior Information Risk Owner and has been sub-delegated to the Chief Information Officer under the heading "Knowledge and information management" in the Deputy Chief Executives Sub-Delegation Scheme.

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

3.31 Risk Management

- 3.31.1 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 information.
- 3.31.2 Information risk is being systematically addressed by joining up the approach to risk required by information security standards, the need for the senior information risk owner to be clear about the risks he/she is accountable for and the council's standard approach to risk management.

4 Conclusions

- 4.32 Following the Information Commissioner's report significant work has been undertaken to review strategic arrangements for the management of information and to keep up with new challenges.
- 4.33 Measures such as a newly constituted Information Management Board chaired by the Chief Information Officer with new powers and specific projects such as the development of an Information Management Strategy, an Information Security Management System and the refresh of the role of the Information Asset Owner and the updating of the Information Asset Register are aimed at strengthening and rationalising the management of information and to increase its value ,and reduce its risk, to the council.
- 4.34 The council is fully compliant with the Department of Communities and Local Government's Transparency Code, and continues to lead the way in proactively making datasets available for re-use across the City and wider local region, thereby providing continued commitment to the council's value of being open and transparent.

5 Recommendation

- 5.1 Corporate Governance and Audit Committee is asked to consider the contents of this report and the assurances provided as to the Council's approach to information governance.

6 Background documents¹

¹ The background documents listed in this section are available for inspection on request for a period of four years following the date of the relevant meeting. Accordingly this list does not include documents containing exempt or confidential information, or any published works. Requests to inspect any background documents should be submitted to the report author.

Appendix A

Leeds City Council actions against recommendations made by the Information Commissioner

Recommendation	Current position as at February 2015	Progress Status Green=complete Amber = on going Red = not started
<p>A6. Ensure Information Asset Owners are trained in line with proposed plans.</p> <p>B13. 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 Information Asset Owners and regularly monitored and reviewed.</p>	<p>A Project plan has been developed to refresh the Information Asset Owner role.</p> <p>Council's Corporate Leadership Team has approved the nomination of Information Asset Owners who will be responsible for managing information risk within their services and ensuring compliance with internal policy and external regulatory requirements.</p> <p>The IAO role is seen as belonging with the Head of Service in most cases. A process of notifying IAOs and undertaking training to inform them about the role and their responsibilities;</p> <p>Work is underway on this project and for the time being is being facilitated by staff from within the council's Corporate Information Governance Team.</p>	Partially Complete
<p>A10. 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.</p>	<p>Training Officer now in place</p>	Complete
<p>A11. 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</p>	<p>Under on-going review. Specific courses arranged as a result of latest review</p>	Partially Complete and Ongoing

professional training.		
A12. To comply with the Local Public Services Data Handling Guidelines, the Council should provide suitable CESG training for the ITSO.	Training provided as recommended.	Complete.
A13. The Council should ensure regular IG refresher training is mandated and monitored to ensure staff knowledge is kept up to date and relevant.	Regular mandatory IG refresher training is provided to all staff every two years. The latest refresh was in 2014 and more than 95% of staff have undertaken the training.	Complete with actions ongoing.
A21. Provide digital key safes for use within social services teams to ensure that records are always accessible when required. And A22. 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	Both Adult Social Care and Children's Services Directorates have refreshed their practices around the storing and accessing of records and the implementation is being monitored. Environment And Housing is to adopt the same practices.	Complete
A23. Introduce a standard procedure for signing files out of the office and ensure the file returns are monitored.	A new corporate standard and procedure for tracking and tracing of files has been developed and signed-off by the Records Managers Group and is being put into place with a view to full implementation from 1 April 2015.	Partially Complete
A27. Regularly monitor boxes and files which have been removed from the Records Management storage facility to ensure files are returned in a timely manner and enable the early identification of any missing records.	Current processes enable the movement of records that are within the control of the corporate records management facility to be tracked and traced although a new process containing improvements is about to be installed.	Partially Complete
A28. 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.	Directorates Information Management Teams are progressing this in the 70 offices identified as handling high risk (personal data) information and records.	Partially Complete
A29. Implement a procedure for routine spot checking of compliance with the clear desk policy.	A plan to introduce routine spot checking for staff compliance with the council's Clear Desk/Clear Screen policy has been developed and implemented based on annual routine sample checks.	Complete and procedure on-going.

A30. Ensure all manual records containing personal data in Revenues and Benefits are locked away at the end of the day.	Revenues and Benefits have provided lockable cupboard in visitor office and have provided assurances paperwork containing personal data is locked away at the end of the day.	Complete
A37. 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.	A new contract for Print Services across the council was awarded to an external contractor in July 2014. PIN printing was a default requirement in the contract specification. The roll out is substantially complete.	Complete
A39. Ensure that the protective marking scheme is implemented as soon as is practicable.	The requirement on Local Authority's is unclear and advice has changed at a national level. The full requirement appears to be narrower than originally envisaged. Where the requirement is clear this has been implemented. Clarification is being sought on the remainder of the requirement.	Partially Complete
A42. Ensure that the retention schedule is finalised and implemented as soon as is practicable.	All Retention Schedules are now finalised and finished. Corporate Records Manager is drafting some simplified user versions of the retention schedule. Corporate Records Manager to, develop implementation plan and liaise with Corporate Communications to discuss an official launch of the Retention Schedule.	Partially Complete
A44. 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. A46. 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.	The council developed an action plan to deliver against recommendations A44 and A46. The scope of delivery for these recommendations was to cover the 70 buildings identified as high risk (processing personal data) in recommendation A28.	Partially Complete

<p>A47. Ensure ESCR files transferred to new casework systems are appropriately weeded in line with the Council's retention schedule.</p>	<p>This work was completed across Children's Services in late 2013 as part of preparation for the go-live of their new Case Management System.</p> <p>For Adult Social Care, only those cases that should be retained under the agreed retention policy will be migrated from ESCR to the new case management system currently scheduled for June 2015.</p>	<p>Partially Complete</p>
<p>A48. Ensure that RM KPIs are routinely communicated to appropriate boards, including IGMB, from relevant sub groups. B4. 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 the SIRO and the Risk and Performance Board and/or Internal Audit.</p>	<p>Following a review, a reconstituted Information Management Board is now in place, and the Chief Information Officer, who has delegated decision powers for information management as chair. .</p> <p>One of the standing responsibilities of the Board is to monitor council performance against each of the IG Key Performance Indicators and recommend corrective action if targets are not being met.</p>	<p>Complete</p>
<p>A49. Establish suitable RM KPIs for all directorates and ensure these are appropriately reported within the IG structure.</p>	<p>Key Performance Indicators have been developed and, following a formal consultation process with key stakeholders, approved and included in the Information Services Service Plan 2014/15.</p>	<p>Complete</p>
<p>A51. Ensure that Privacy Impact Assessments are embedded across the Council at the implementation stage of any projects involving the processing of personal data.</p>	<p>There is a new framework for the delivery of projects and programmes and also contracts and contract management. Council PIA's to be implemented as part of the process. Because it is a scalable methodology it should be applied to all changes.</p> <p>The council's Corporate Procurement Team is responsible for managing Programme and Project Management across the organisation. A review of the council's current Programme and Project Management Methodology is currently being undertaken. As part of this review the Corporate Information Governance Team are engaged in work to improve Information Governance requirements as part of a checklist, including a Privacy Impact Assessment, into a revised Programme and Project Management Methodology.</p>	<p>Partially Complete</p>

<p>B15. 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.</p>	<p>A review has been undertaken of the 2011/12 Internal Audit actions, and those recommendations not completed have been accommodated into the Corporate IG Team Work Programme for 2014/15 – February 2014.</p>	<p>Completed</p>
<p>B26. Continue the review of all Council contracts to ensure that data protection requirements are appropriately specified within them.</p>	<p>Work is progressing with the Public, Private Partnership and Procurement Unit to embed information governance checks and balances into the Corporate Contract Framework.</p> <p>Training is being developed and rolled out to all staff involved in contract activity.</p>	<p>Partially Completed.</p>
<p>B32. Review password access to all databases to ensure they comply with enforced change and complexity rules as required by the password management policy.</p>	<p>The Council has completed work to locate databases, to confirm the access route(s) to them and to rectify any issues. All issues identified but some still needing action.</p>	<p>Complete</p>
<p>B34. 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.</p>	<p>The council's HR function has information on staff who move internally. The focus of attention for now is about establishing and embedding a leavers and mover procedure for staff who have been employed on a permanent contract.</p> <p>Leavers The current leavers/exit form is to be modified to ensure managers have a checklist for withdrawing access to all council data systems as well as obtaining a return of all physical/hardware equipment. The form will be implemented as part of the council's ICT on-line facility for managers to access. The council's BSC service will undertake a communications initiative to ensure all managers are aware of their responsibilities for leavers and the revised form/procedure. The council will introduce random checks to monitor compliance with this initiative.</p>	<p>Partially Complete</p>

	<p>Movers</p> <p>A movers checklist is being designed to cover those managers conducting an exit interview and a manager receiving a mover into their service. This will provide the necessary checks and balance between the system information no longer required by the member of staff moving and the access to information still required in their new role. The form will be implemented as part of the council's ICT on-line facility for all managers to access. The council's BSC service will undertake a corporate communications initiative to ensure all managers are aware of their responsibilities for staff movers and the new form/process. The council will introduce random checks to monitor compliance with this initiative.</p> <p>The council will monitor manager's compliance to the additional requirements being placed into the Leaver's & Mover's process and intend to fully embed this by early 2015.</p> <p>BSC have 3 forms which are used regarding staff movements, these are to be updated to include access arrangements.</p>	
<p>B44. 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.</p>	<p>A solution which allows all users to solve this problem has been identified although a date for implementation has not yet been agreed</p>	Partially Complete
<p>B48. Ensure staff storing personal data at home are provided with a secure lockable cabinet as detailed in the Remote Working Policy.</p>	<p>The council's current permanent home workers are restricted to Revenues and Benefits staff who do not use paper, only digital information. Therefore there is no requirement to provide these home workers with secure lockable cabinets, and these staff use only council encrypted devices. There are no plans to expand the number of home based workers but should</p>	Complete

this arise the security measures will be provided.

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Report author: N STREET

Tel: 74341

Report of Deputy Chief Executive

Report to Corporate Governance & Audit Committee

Date: 20th March 2015

Subject: Annual Business Continuity Report

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. Phase 1 of the Business Continuity Programme (completed September 2013) developed and implemented business continuity plans for all LCC services identified as being 'critical'. Critical services are those that if disrupted would have an impact on human welfare and security of the community and its environment and would require recovery within 24 hours of the disruption occurring.
2. Phase 2 is to develop and implement business continuity plans for all LCC services identified as 'ordinary'.

Ordinary services are those that if disrupted would have an impact on human welfare and security of the community and its environment but do *not* need to be recovered within 24 hours. Phase 2 is work in progress with a completion target date of September 2015.

The work completed in Phase 1 *and to be completed* in Phase 2 provides assurance that LCC is working towards meeting its statutory duties required under the Civil Contingencies Act 2004.

Recommendations

3. The Committee to note that the level of assurance on the adequacy of business continuity management arrangements currently implemented (Phase 1) is good. This is based on the controls and compliance with the requirements of the Civil Contingencies Act 2004 and documented within this report.

4. The Committee to note that Phase 2 development is *working towards* meeting the statutory duties required under the Civil Contingencies Act 2004 with completion of Phase 2 and *full* compliance with the Act expected by September 2015.

Purpose of this report

- 1.1 To provide assurance that the business continuity plans and arrangements in place for LCC's critical services are fit for purpose, up to date, embedded and being routinely complied with.
- 1.2 To provide 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.

2 Background information

- 2.1 The Civil Contingencies Act 2004 made it a statutory duty of all councils to have in place plans and arrangements to be able to continue to deliver critical aspects of their day to day functions in the event of an emergency, to ensure that any impact on the community is kept to a minimum. Such arrangements also support operational interfaces between services where a 'joined-up' or corporate response to an emergency might be required.
- 2.2 In order for LCC to work towards compliance with the statutory duty, a centrally managed Business Continuity Management (BCM) Programme was initiated in 2012. The BCM Programme provides support to managers using the good practice guidance aligned with the international standard ISO 22301.
- 2.3 The BCM Programme comprises of two phases.
- 2.4 Phase 1. This phase was completed in 2013. The scope of Phase 1 was the development of business continuity plans for LCC's most critical services i.e. services that if disrupted would have an impact on human welfare and security of the community and its environment and would require recovery within 24 hours of a disruption occurring. There are currently 63 such services, all in compliance with the statutory duties of the Civil Contingencies Act 2004.

Phase 1 also saw the initiation of assessments completed on commissioned service provider business continuity plans. Confidence with the resilience of such service provider organisations is essential particularly where they are providing front line services for vulnerable children and adults.

Phase 2. This phase is currently *work in progress* and comprises LCC services which the Civil Contingencies Act 2004 describes as 'ordinary' i.e. functions that are important to the human welfare and security of the community and its environment but do *not* require recovery within 24 hours of a disruption occurring.

Scoping and initiation of Phase 2 commenced as Phase 1 was completed (September 2013). However, progress with Phase 2 was impacted as a result of the realignment of workload due to the Tour de France 'Grand Départ'.

There are currently 27 'ordinary' services identified as forming the scope of Phase 2 with development working towards achieving compliance with the Civil Contingencies Act 2004 by September 2015.

- 2.5 This report describes the current status of the BCM Programme and in doing so aims to provide assurance to the Corporate Governance & Audit Committee of the adequacy of the business continuity management arrangements currently in place.

3 Main issues

- 3.1 **Compliance with Civil Contingencies Act 2004.** The Act identifies local authorities as Category 1 responders. Category 1 responders are likely to be part of the core response to most emergencies and as such are subject to the full range of civil protection duties in the Act.
- 3.2 The Act requires Category 1 responders to maintain plans to ensure that they can continue to perform their functions in the event of an emergency *or* when providing a response to an emergency.
- 3.3 Since the launch of the Civil Contingencies Act 2004, LCC has always developed and maintained Business Continuity Plans for its critical services; however this was prior to publication in 2012 of the BS ISO 22301:2012 'Business Continuity Management Systems – Requirements'. Since publication of the standard in 2012, work has progressed to develop Business Continuity Plans in alignment with the good practice guidance contained within ISO 22301 firstly through Phase 1 and currently Phase 2 of Business Continuity Programme. Alignment with ISO 22301 results in a more robust Business Continuity Plan.

Completion of Phase 1 and Phase 2 of the BCM Programme will provide compliance with the Act in relation to the 'critical' and 'ordinary' aspects of day to day functions.

- 3.4 **Alignment with the good practice guidance of ISO 22301.** The international standard specifies the requirements for setting-up and managing an effective business continuity management system. The LCC BCM Toolkit comprises of templates and guidance published on InSite which managers can access to support development of business continuity plans and arrangements. The Toolkit was developed using the good practice guidance from ISO 22301.

The LCC templates and guidance were also adapted for use by private sector organisations in planning for the Tour de France 'Grand Départ'.

- 3.5 **BCM Programme Phase 1.** Phase 1 was completed September 2013. Currently there are 63 business continuity plans in place for LCC's most critical services.

The focus for Phase 1 services going forward is ensuring that business continuity plans remain maintained/up to date. This is completed through a schedule of annual management reviews for each plan. An annual management review is a structured review of the plan by managers responsible for the service. Where significant change to the service has occurred; i.e. organisational change, a more

detailed review may be required. Reminders are centrally issued and progress through to completion is tracked and reported to Directorate Resilience Groups.

Testing and exercising of the plans is the responsibility of the managers from the individual services to plan and execute, though central support can be provided on request. For example a full morning's exercise was recently completed on Phase 1 plans for Citizens & Communities, Strategy & Resources and Legal Services. A range of scenarios were used to test and validate the effectiveness of the plans.

From time to time, opportunities arise for LCC services to test local plans through participation in multi-agency 'themed' testing i.e. Tour de France 'Grand Départ', Pandemic Influenza, Excess Deaths, Temporary Mortuary, Leeds Bradford International Airport etc.

Phase 1 also included development of a School Emergency Plan Template and Guidance Document. Originally produced by Nottinghamshire County Council in 2009, the template and guidance have been fully reworked to include business continuity requirements and the Leeds School Crisis Line. The template and guidance documents were handed-over for approval by Children's Services (February 2014) with final sign-off from Cllr Dowson (July 2014).

- 3.6 **BCM Programme Phase 2.** The scope of services for Phase 2 was identified by the Directorate Resilience Groups and currently totals 27 services (this figure may increase as further services are identified and included in the scope).

To date a total of 13 business impact analyses have been completed and the development of 7 business continuity plans is currently work in progress.

Although the number of services identified for inclusion in Phase 2 differs greatly across directorates, Children's Services have identified the most, owning 44% of all services identified for inclusion in Phase 2. It is reassuring that Children's Services are working towards increasing the resilience of their functions by expanding the number of services covered by business continuity arrangements.

The target completion date for Phase 2 is expected in September 2015 at which point LCC will be *fully* compliant with the statutory duties required under the Civil Contingencies Act 2004.

Commissioned service resilience. The Civil Contingencies Act 2004 requires Category 1 responders to 'ensure that those organisations delivering services on their behalf or capabilities which underpin service provision can deliver to the extent required in the event of an emergency'. Assurance is being sought through the assessment of commissioned service provider business continuity plans. An assessment template and process has been developed (aligned to the good practice guidance contained within ISO 22301). To date, a total of 40 assessments have been completed on services commissioned by Adult Social Care for providers of accommodation based services for people with a learning disability.

The completed assessment template is returned to the provider organisation including recommendations which can be used to inform further development of the business continuity plan. Where provider organisations implement the recommendations, subsequent assessments result in a strengthened business continuity plan.

In the lead-up to the Tour de France 'Grand Départ' two business continuity workshop events were held in the Lord Mayors Banqueting Suite, Civic Hall specifically for providers of Adult Social Care and Children's Services commissioned services. The focus of the event was to raise awareness of the potential impact that the 'Grand Départ' might have operationally for providers of commissioned services and how, by completing some continuity planning, the impact could be mitigated and/or managed. Both events were well attended and received with several commissioned service provider Tour de France 'Grand Départ' business continuity plans assessed in the lead up to the event.

3.7 Provision of advice & assistance to business & voluntary sector organisations. The Civil Contingencies Act 2004 requires local authorities to provide advice and assistance to those undertaking commercial activities and voluntary organisations in relation to business continuity management. This is provided via the LCC Business Continuity (BC) Network.

The BC Network currently has 862 members registered through Leeds Alert.

Leeds Alert is a system used by the Resilience & Emergencies Team and West Yorkshire Police to provide warning and informing messages to businesses and organisations in the Leeds area.

LCC host a twice yearly BC Network Event in the Lord Mayors Banquet Suite, Civic Hall. All those registered with Leeds Alert receive an invitation.

The programme for the most recent event (December 2014) included presentations covering Ebola, Firearms & Weapons Attack and Business Continuity: Best Practice from the Public & Private Sector. The event was very well attended.

A specific BC Network Event was organised for the Tour de France 'Grand Départ' and was also well attended.

3.8 Public awareness/warning & informing. The Civil Contingencies Act 2004 includes public awareness and warning and informing as two distinct legal duties for Category 1 responders – advising the public of risks before an emergency and keeping it informed in the event of an emergency.

Email, text messaging and use of social media are all tools which are used by the Resilience & Emergencies Team to warn and inform the public of events and incidents in the Leeds area (Leeds Alert, @leedsemergency Twitter account)

During an emergency, the Resilience & Emergencies Team work closely with the Press & Communications Team in providing information to the public.

The Resilience & Emergencies Team manage the Emergency Control Centre (ECC) located at the Town Hall. The ECC plays a vital role as a communication hub during an incident or event, both for internal communication and external with other agencies, such as Police, Fire & Rescue, Yorkshire Ambulance Service and Environment Agency.

The Resilience & Emergencies Team also have an Emergency Control Vehicle which can be deployed to any location in the community where an emergency or event is occurring. The vehicle is equipped to form a mobile communication hub and control point, used by LCC staff and other agencies.

The Resilience & Emergencies Team also maintain information on the leeds.gov.uk website 'Preparing for Emergencies' pages.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 Internal. The services identified for inclusion in Phase 1 and 2 of the BCM Programme were identified and ratified by the Directorate Resilience Groups prior to any developmental work commencing.

4.1.2 External. LCC through the Resilience & Emergencies Team are fully engaged with the West Yorkshire Resilience Forum (WYRF) which through close working helps LCC to meet the statutory obligations as set out in the Civil Contingencies Act 2004.

The WYRF provides strategic leadership for the programme of work that the WYRF sub groups deliver and enables co-operation and sharing of information between responding organisations.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 All templates and guidance published on the LCC InSite Website have been assessed by the Equality & Diversity Team to check that due regard has been given and that Plain English requirements have been fulfilled.

4.3 Council policies and City Priorities

4.3.1 The LCC Business Continuity Policy sets out the requirements placed upon all directorates and services.

4.3.2 Business continuity is linked to the outcomes and priorities of the Best Council Plan and City ambitions.

4.4 Resources and value for money

4.4.1 No implications.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 The Civil Contingencies Act 2004 requires Category 1 responders (local authorities) to maintain plans to ensure that they can continue to perform their key functions in the event of an emergency, so far as is reasonably practicable.
- 4.5.2 Many of the LCC services covered by business continuity plans have a duty of care or a regulatory requirement to provide their service. This extends to maintaining services during an emergency or disruptive incident.

4.6 Risk Management

- 4.6.1 The Corporate risks; LCC1 City Resilience and LCC2 Council Resilience are both 'standing' risks on the Corporate Risk Register 'unlikely to ever go away' for which CLT require quarterly assurances on how the risk is being mitigated and managed.
- 4.6.2 The West Yorkshire Community Risk Register provides an assessment of the risks agreed by the West Yorkshire Resilience Forum as a basis for supporting the preparation of emergency and business continuity plans.

5 Conclusions

- 5.1 The information contained within this annual update report on business continuity arrangements demonstrates that LCC through completion of Phase 1 is meeting its statutory duties required under the Civil Contingencies Act 2004. This is being achieved by having in place plans and processes for:
- the continuance and/or recovery of LCC's Phase 1 'critical' services in the event of an emergency or disruptive incident;
 - the assessment of plans for providers of commissioned services delivering key or front line services for vulnerable children and adults;
 - the review and maintenance of plans;
 - exercising and testing of plans;
 - providing public awareness/warning & informing of events and disruptions; and,
 - the provision of advice and assistance to business and voluntary organisations.
- 5.2 Development of plans for the services forming Phase 2 is working towards meeting the statutory duties required under the Civil Contingencies Act 2004. Completion of Phase 2 and *full* compliance with the Act is expected by September 2015.

6 Recommendations

- 6.1 The Committee to note that Phase 1 *and* completion of Phase 2 in September 2015 will provide full compliance for LCC with the statutory duties required by the Civil Contingencies Act 2004.

6.2 The Committee to note this report for information and receive an update detailing progress with Phase 2 in September 2015.

7 Background documents¹

7.1 None.

¹ The background documents listed in this section are available for inspection on request for a period of four years following the date of the relevant meeting. Accordingly this list does not include documents containing exempt or confidential information, or any published works. Requests to inspect any background documents should be submitted to the report author.

Report of the Deputy Chief Executive

Report to Corporate Governance and Audit Committee

Date: 20th March 2015

Subject: KPMG Technical Update

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 identified no issues from the initial stages of their audit. They have however identified a number of technical issues impacting on local government and brought these to the attention of members.

Recommendations

2. Members are asked to note the contents of KPMG's report.

1 Purpose of this report

- 1.1 To provide members with an overview of KPMG's progress in delivering their external audit responsibilities.
- 1.2 In addition KPMG's report also highlights what they see as the main technical issues which are currently having an impact on local government.

2 Background information

- 2.1 Members of this Committee agreed the external audit plan in January and KPMG are required to keep those charged with governance informed as to progress on completing this plan.
- 2.2 Under the Committee's terms of reference members are to receive external audit reports so as to:
 - (i) inform the operation of Council's current or future audit arrangements; and
 - (ii) provide a basis for gaining the necessary assurance regarding governance prior to the approval of the Council's accounts.

3 Main issues

- 3.1 The attached report from KPMG is split into three main areas:

- Progress against the audit plan;
- KPMG resources;
- Technical update.

3.2 In respect of progress on the audit plan, KPMG have planned and agreed an interim audit timetable with relevant Council Officers. In addition they are continuing to monitor our progress on delivering our savings target as part of the VFM audit.

3.3 In respect of KPMG resources the report informs members of the main issues arising from the joint report of KPMG and Shelter in respect of the housing shortage.

3.4 In addition KPMG's report also informs members of what they see as the main technical issues which are currently having an impact on local government.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 The report 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 to receive external audit reports.

4.4 Resources and Value for Money

4.4.1 The report highlights the auditor's progress in 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 None.

4.6 Risk Management

4.6.1 The report states that KPMG have not identified any further risks other than those stated in the external audit plan. KPMG will assess these risks as part of their audit and report back on any issues to this Committee.

5 Conclusions in relation to the financial statements

5.1 KPMG's report concludes that there are no issues being identified by the audit to date that need to be brought to the attention of members. In addition, KPMG have provided members of the Committee with a number of technical updates for their information.

6 Recommendations

6.1 Members are asked to note the contents of KPMG's report.

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 progress report and technical update

Leeds City Council

March 2015

This report provides the audit committee with an overview on progress in delivering our responsibilities as your external auditors.

The report also highlights the main technical issues which are currently having an impact in local government.

If you require any additional information regarding the issues included within this report, please contact a member of the audit team.

We have flagged the articles that we believe will have an impact at the Authority and given our perspective on the issue:

- High impact
- Medium impact
- Low impact
- For info

PROGRESS REPORT				
Progress Report				3
KPMG RESOURCES				
KPMG / Shelter report: Fix the housing shortage or see house prices quadruple in 20 years				5
TECHNICAL UPDATE				
CIPFA and HFMA guidance on the Better Care Fund and S.75 budgets	●		Tool launched to help councils compare care performance on social care	●
National Audit Office consultation: Draft Code of Audit Practice for the audit of local public bodies	●		The Audit Commission has updated the guidance for auditors on the conclusion on arrangements to secure value for money (VFM) for 2014/15 local VFM work.	●
Invitation to Comment and Simplification and Streamlining the Presentation of Local Authority Financial Statements	●		The Audit Commission publish the Protecting the Public Purse 2014 (PPP 2014) report.	●
Audit Commission consultation for the 2015/16 proposed work programme and scale fees	●		VFM profiles updated for the 2014/15 data sourced from DCLG	●
Transfer of Audit Commission responsibilities from 1 April 2015	●		NAO published a report examining the progress to date on the implementation of the Better Care Fund (BCF)	●
Audit Commission consultation on supplementary fee for the 2014/15 accounts – work on business rates	●		NAO have published two complementary reports examining local authority finances: <ul style="list-style-type: none"> • The financial sustainability of local authorities 2014 and; 	●
VFM data briefing on expenditure on looked after children	●		<ul style="list-style-type: none"> • The impact of funding reductions in local authorities. 	●

This report provides the audit committee with an overview on progress in delivering our responsibilities as your external auditors.

The report also highlights the main technical issues which are currently having an impact in local government.

If you require any additional information regarding the issues included within this report, please contact a member of the audit team.

We have flagged the articles that we believe will have an impact at the Authority and given our perspective on the issue:

- High impact
- Medium impact
- Low impact
- For info

TECHNICAL UPDATE CONTINUED				
Audit Commission publish: an update on Council tax and business rates collection.	●			
APPENDIX				
Appendix 1 – 2014/15 audit deliverables	18			



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Progress report

This document provides the audit committee with a high level overview on progress in delivering our responsibilities as your external auditors.

At the end of each stage of the audit we issue certain deliverables, including reports and opinions. A summary of progress against these deliverables is provided in Appendix 1 of this report.

Area of responsibility	Commentary
Financial statements	<p>We commenced our on-site work on the 9th March, reviewing the budget, confirming our understanding of your systems and carrying out testing of major controls. In our initial risk assessment we identified two significant risks this year.</p> <ul style="list-style-type: none"> ■ The valuation of property, plant and equipment (PPE). ■ The valuation of the local government pension fund liability. <p>We will verbally update the committee in the meeting if there are any matters to raise.</p>
Value for Money	<p>We continue to monitor progress on the delivery of your savings target and medium term financial plan. We have started to assess the controls you have in place to assess your financial standing and progress on your savings plans.</p> <p>We have not identified any new significant risks and we will report any emerging issues at the meeting.</p>
Certification of claims and returns	<p>Work should commence in early summer on BEN1 the Housing Benefit claim and we will report any progress at the June meeting.</p>
Other work	<p>There is no other major work to report.</p>



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KPMG resources

Area	Comments
<p>KPMG / Shelter report: Fix the housing shortage or see house prices quadruple in 20 years</p>	<p>Without a radical programme of house building, average house prices in England could double in just ten years to £446,000, according to new research. In twenty years they could quadruple, with the average house price estimated to rise to over £900,000 by 2034 if current trends continue.</p> <p>The research from KPMG and Shelter also reveals that more than half of all 20-34 year olds could be living with their parents by 2040, as soaring housing costs caused by the shortage of affordable homes leave more and more people priced out of a home of their own.</p> <p>The warning comes as KPMG and Shelter launch a landmark new report, outlining how the 2015 government can turn the tide on the nation’s housing shortage within a single parliament. With recent government figures showing that homeownership in England has been falling for over a decade, the consequences of our housing shortage are already being felt.</p> <p>The report sets out a blueprint for the essential reforms that will increase the supply of affordable homes and stabilise England’s rollercoaster housing market. It calls on politicians to commit to an integrated range of key measures, including:</p> <ul style="list-style-type: none"> ■ Giving planning authorities the power to create ‘New Homes Zones’ that would drive forward the development of new homes. Combined with infrastructure, this would be led by local authorities, the private sector and local communities, and self-financed by sharing in the rising value of the land. ■ Unlocking stalled sites to speed up development and stop land being left dormant, by charging council tax on the homes that should have been built after a reasonable period for construction has passed. ■ Introducing a new National Housing Investment Bank to provide low cost, long term loans for housing providers, as part of a programme of innovative ways to finance affordable house building. ■ Helping small builders to get back into the house building market by using government guarantees to improve access to finance. ■ Fully integrating new homes with local infrastructure and putting housing at the very centre of City Deals, to make sure towns and cities have the power to build the homes their communities need. <p>To read the report, visit https://portal.ema.kworld.kpmg.com/uk/Documents/NewsroomDocs/2014/KPMG%20Shelter%20report%20FINAL.pdf.</p> <p>For more information, please contact a member of the audit team.</p>



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Technical update

Area	Level of Impact	Comments	KPMG perspective
<p>CIPFA and HFMA guidance on the Better Care Fund and S.75 budgets</p>	<p style="text-align: center;">● High</p>	<p>The Healthcare Financial Management Association (HFMA), in conjunction with the Chartered Institute of Public Finance and Accountancy (CIPFA), has released guidance for finance professionals as part of plans to implement the Better Care Fund.</p> <p>The guidance looks at:</p> <ul style="list-style-type: none"> ■ the legislation and regulations that underpin the operation of a pooled budget; ■ the finance, governance and operational arrangements that clinical CCGs and local authorities need to be discussing and putting in place now in order to be ready for 'go live' on 1 April 2015; and ■ the accounting standards that will apply and need to be considered in advance of preparing the signed agreement that will underpin the pooled budget. <p>Whilst the guidance has been prepared by the HFMA and is primarily targeted at NHS bodies, it also covers local authorities and so may be of interest of local government bodies.</p> <p>For further information see the HFMA guidance at http://www.hfma.org.uk/NR/rdonlyres/7BF426D9-4CDE-4D4A-B6F9-16CDD17E5F9D/0/BCFguidance.pdf</p>	<p><i>The committee may wish to seek assurances these costs will be accounted for appropriately.</i></p>

Area	Level of Impact	Comments	KPMG perspective
National Audit Office consultation: Draft Code of Audit Practice for the audit of local public bodies	● Medium	<p>On Friday 19 September 2014 the National Audit Office (NAO) launched its consultation on the draft Code of Audit Practice for the audit of local public bodies. Subject to Parliamentary approval, the Code will take effect from 1 April 2015 for audit work relating to the 2015/16 financial year onwards.</p> <p>The NAO sought views and comments on the draft Code. In particular, the views of audited bodies are being sought on how valuable the work carried out each year on value-for-money arrangements is. The closing date for consultation responses was Friday 31 October 2014.</p> <p>For more information visit http://www.nao.org.uk/keep-in-touch/our-surveys/consultation-code-audit-practice/</p>	<i>The committee may wish to enquire of officers whether they responded to the consultation and the details of any response.</i>
Invitation to Comment and Simplification and Streamlining the Presentation of Local Authority Financial Statements	● Medium	<p>CIPFA and CIPFA/LASAAC consulted on the Simplification and streamlining of the presentation of local authority financial statements.</p> <p>The consultation focused on the reporting of local authority performance and therefore on the comprehensive income and expenditure statement, the movement in reserves statement and the segmental reporting requirements specified in the Code of practice on local authority accounting in the United Kingdom. As an important part of reporting performance, it also considered the narrative reporting requirements which would accompany the financial statements.</p> <p>The consultation closed on 19 September 2014.</p>	<i>The committee may wish to enquire of officers whether they responded to the consultation and the details of any response.</i>

Area	Level of Impact	Comments	KPMG perspective
<p>Audit Commission consultation for the 2015/16 proposed work programme and scale fees.</p>	<p>● Low</p>	<p>On 13th October 2014 the Audit Commission published for consultation the 2015/16 proposed work programme and scales of fees.</p> <p>Separate documents cover the Commission's work programme at local government and police bodies, and at health bodies. The consultation sets out the work that auditors will undertake at principal audited bodies for 2015/16, with the associated scales of fees. The Department for Communities and Local Government (DCLG) has asked the Audit Commission to set fees for 2015/16 before the Commission's closure on 31 March 2015.</p> <p>They are proposing to reduce scale fees by a further 25 per cent from 2015/16. They do not plan to make changes to the overall work programme. The fee reduction will apply to all principal bodies, with the exception of 15 local government bodies whose scale audit fees are already below £20,000, and of the fees for pension fund audits at local authorities.</p> <p>The 25 per cent fee reduction has been achieved as a result of the 2014 procurement exercise to retender the work undertaken under the older contracts with audit firms, and is in addition to the 40 per cent cut in fees made by the Commission in 2012. These savings are part of the legacy the Commission will leave behind after March 2015, with the lowest total audit fees for 25 years.</p> <p>The Commission made a rebate in respect of audit fees to audited bodies, returning another £6 million to most principal bodies, excluding CCGs. The rebates were paid by cheque directly to audited bodies in October 2014. The rebates result from the efficient management of the Commission's closure. The Commission's Board will consider in March 2015 the amount of any final rebate on audit fees.</p> <p>The consultation closed on Friday 9 January 2015. The Commission has now published the final work programme and scales of fees for 2015/16.</p> <p>The consultation documents, and the lists of individual scale fees, are available on the Audit Commission website: http://www.audit-commission.gov.uk/audit-regime/audit-fees/201516propwpsf/</p>	<p><i>The committee may wish to enquire of officers whether they responded to the consultation and the details of any response.</i></p>

Area	Level of Impact	Comments	KPMG perspective
Transfer of Audit Commission responsibilities from 1 April 2015	<p style="text-align: center;">● Low</p>	<p>The work that auditors will carry out on 2015/16 accounts will be completed under the new Code of Audit Practice that the National Audit Office (NAO) is developing. Under the Local Audit and Accountability Act 2014 the Commission's responsibility to prepare and publish a Code transfers to the NAO.</p> <p>From 1 April 2015, Public Sector Audit Appointments (PSAA), set up by the Local Government Association as an independent company, will oversee the Audit Commission's audit contracts until they end in 2017, or 2020 if extended by DCLG. PSAA's responsibilities will include setting fees, appointing auditors and monitoring the quality of auditors' work. The responsibility for making arrangements for housing benefit subsidy certification and for publishing the Commission's value for money profiles tool will also transfer to PSAA.</p> <p>The Commission's other functions will also transfer to new organisations, with local value for money studies as well as responsibility for the Code of Audit Practice transferring to the National Audit Office and the National Fraud Initiative to the Cabinet Office.</p> <p>The Audit Commission will be writing to audited bodies and other stakeholders in the coming months with more information about the transfer of the Commission's functions and where to find details on specific questions.</p>	<p><i>The committee may wish to enquire of officers whether they have received any such communications from the Audit Commission.</i></p>

Area	Level of Impact	Comments	KPMG perspective
<p>Audit Commission consultation on supplementary fee for the 2014/15 accounts – work on business rates</p>	<p>● Low</p>	<p>The Audit Commission consulted on a supplementary fee for the audit of the accounts for 2014/15 for audit work required on business rates. The consultation applies to district, unitary, metropolitan borough and London borough councils. The consultation closed on Friday 7 November 2014.</p> <p>Auditors are no longer required to undertake certification work for the Department of Communities and Local Government on national non-domestic rates, following the introduction in April 2013 of new arrangements for collecting and distributing business rates. In completing their work on the financial statements of applicable councils, auditors previously placed reliance on their certification work on national non-domestic rates. In the absence of this work, auditors need to undertake additional audit procedures on material business rates balances and disclosures in the financial statements.</p> <p>The additional audit work requires a small additional fee for applicable councils, equivalent to half the average cost by council type of the relevant certification work undertaken in 2012/13. The additional fee by council type is:</p> <ul style="list-style-type: none"> ■ district councils : £900; ■ London borough councils: £2,600; ■ metropolitan borough councils: £1,470; and ■ unitary authorities: £1,070. <p>The additional fee represents a net saving to councils of half the average previous certification fees by council type. Following consultation, the additional fee will be added to the scale audit fee for 2014/15 onwards.</p>	<p><i>The committee may wish to enquire of officers whether they responded to the consultation and the details of any response.</i></p>

Area	Level of Impact	Comments
VFM data briefing on expenditure on looked after children	<p style="text-align: center;">●</p> <p style="text-align: center;">For information</p>	<p>The Audit Commission has published Councils' expenditure on looked after children, the latest in its series of VFM data briefings analysing data in the VFM profiles.</p> <p>The briefing reports that, although the number of looked after children increased by 12 per cent between 2008/09 and 2012/13, councils' expenditure increased by only 4 per cent. Reductions in the daily cost of care and an increase in the proportion of children receiving foster care saved a total of £239 million, partially offsetting the spending pressure arising from the increased number of children in care.</p> <p>The briefing looks in more detail at some of the factors which influence how much councils spend on foster care and encourages councils to use the VFM Profiles to compare their costs with those of similar councils.</p> <p>The briefings can be found at: http://www.audit-commission.gov.uk/information-and-analysis/value-for-money-briefings-2</p>
Tool launched to help councils compare care performance on social care	<p style="text-align: center;">●</p> <p style="text-align: center;">For information</p>	<p>The Department of Health has launched a new tool to help councils compare their performance on social care with similar areas across England. The tool groups upper tier and unitary authorities by their spending on the over-65s and working age adults with learning disabilities. The aim is to help local authorities see how they are meeting various indicators, and to identify areas for improvement by viewing the performance of their peers.</p> <p>The tool can be found at: https://www.gov.uk/government/publications/adult-social-care-efficiency-tool</p>

Area	Level of Impact	Comments
<p>The Audit Commission has updated the guidance for auditors on the conclusion on arrangements to secure value for money (VFM) for 2014/15 local VFM work.</p>	<p style="text-align: center;">● For information</p>	<p>The Audit Commission has updated the guidance for auditors on the conclusion on arrangements to secure value for money (VFM) for 2014/15 local VFM work. The guidance supports auditors' work on arrangements to secure VFM at the following types of audited body:</p> <ul style="list-style-type: none"> ■ NHS trusts; ■ clinical commissioning groups (CCGs); ■ single-tier, county and district councils; ■ fire and rescue authorities; ■ the Greater London Authority, the London Legacy Development Corporation and Transport for London; ■ police bodies; and ■ other local government bodies. <p>The key principles underpinning the Commission's approach on the conclusion on arrangements to secure VFM continue to be that it:</p> <ul style="list-style-type: none"> ■ enables auditors to fulfil their responsibility under the Audit Commission Act 1998, relating to an audited body's arrangements to secure economy, efficiency and effectiveness; and ■ is applied proportionately to reflect the size, capacity and performance of different types of audited body and, as far as possible, consistently across all sectors of the Commission's regime. <p>The main changes in the update for 2013/14 are set out in section 1.1 of the guidance. These are:</p> <ul style="list-style-type: none"> ■ sections 1 and 2 updated to reflect changes relating to the Commission's closure in March 2015; ■ sector context and risk indicators updated for sections 3 to 6; ■ section 4 on Clinical Commissioning Groups (CCGs) updated to apply the specified reporting criteria, recognising that 2014/15 represents CCGs' second full year of operations; and ■ section 8 on reporting updated to emphasise further the type of conclusions that can be issued at different bodies, and when these may or may not be appropriate. <p>The updated guidance is now available on the Audit Commission's website: http://www.audit-commission.gov.uk/audit-regime/codes-of-audit-practice/value-for-money-conclusion/</p>

Area	Level of Impact	Comments
<p>The Audit Commission publish the <i>Protecting the Public Purse 2014 (PPP 2014)</i> report.</p>	<p>● For information</p>	<p>On 23 October 2014 the Audit Commission published the <i>Protecting the Public Purse 2014 (PPP 2014)</i> report. PPP 2014 is for those responsible for governance in local government. PPP 2014 includes:</p> <ul style="list-style-type: none"> ■ the scale and value of fraud detected by local government bodies in 2013/14; ■ longer term trends in fraud detection, including tenancy fraud; ■ trends and threats in other significant fraud types; and ■ national developments impacting on local government counter-fraud. <p>In addition, PPP 2014:</p> <ul style="list-style-type: none"> ■ gives details of detected frauds and losses by region; ■ updates our checklist for those responsible for governance; and ■ highlights the second year of a programme of individual fraud briefings for councils. <p>The Audit Commission issued fraud briefings to auditors in November 2014 for individual county councils, district councils, London boroughs, metropolitan district and unitary councils.</p> <p>The local auditor briefing is part of the agenda for this meeting.</p>

Area	Level of Impact	Comments
<p>VFM profiles updated for the 2014/15 data sourced from DCLG</p>	<p>● For information</p>	<p>The Audit Commission VFM profiles planned budget section now contains the 2014/15 data sourced from the Department for Communities and Local Government – General Fund Revenue Account Budget (RA). The values are adjusted with gross domestic product (GDP) deflators from the HM Treasury's publication in June 2014.</p> <p>Other sections of the VFM profiles have also been updated with the latest values for the following data sources:</p> <ul style="list-style-type: none"> ■ Mid-year population estimates ■ Planning applications ■ Fuel poverty ■ Climate change statistics ■ Active people survey ■ NHS delayed transfers of care ■ Finance and general statistics ■ Provision for children under five years of age in England ■ Young people from low income backgrounds progressing to higher education ■ Collection rates for council tax and non-domestic rates ■ Housing benefit speed of processing ■ Housing benefit recoveries and fraud data ■ Housing benefit caseload statistics ■ Child and working tax credit statistics ■ Children in low-income families local measure ■ Special educational needs in England ■ Homelessness statistical release (P1E) ■ Fire statistics monitor ■ Fire and rescue authorities operational statistics bulletin ■ Fire and rescue service statistics <p>The VFM profiles can be seen on the Audit Commission website: http://www.audit-commission.gov.uk/information-and-analysis/</p>

Area	Level of Impact	Comments
<p>NAO published a report examining the progress to date on the implementation of the Better Care Fund (BCF)</p>	<p style="text-align: center;">● For information</p>	<p>The National Audit Office (NAO) has recently published a report examining the progress to date on the implementation of the Better Care Fund (BCF). Whilst the programme is recognised as being an innovative idea, the NAO highlights issues with the quality of early preparation and planning. It also finds that initial plans, submitted by all 151 local health and wellbeing boards in April 2014, did not generate the level of savings the Government anticipated and all plans had to be resubmitted.</p> <p>Planning for the Fund paused between April and July 2014 while the Government reviewed and revised the Fund's scope and how the £1 billion pay-for- performance part of the Fund would work. Independent assurance of the revised Fund plans found them to be stronger and better supported. Almost two-thirds of plans were either approved by Ministers or approved with support and only 5 plans were not approved. The biggest risk area identified is to the protection of social care services with 21 local areas assessed as having significant risks.</p> <p>The report can be found on the NAO website: http://www.nao.org.uk/report/planning-better-care-fund-2/</p>

Area	Level of Impact	Comments
<p>NAO have published two complementary reports examining local authority finances:</p> <ul style="list-style-type: none"> • The financial Sustainability of local authorities 2014 and; • The impact of funding reductions in local authorities 	<p>●</p>	<p>The National Audit Office (NAO) has recently published two complementary reports examining local authority finances: Financial sustainability of local authorities 2014 and The impact of funding reduction of local authorities. The reports include findings based on surveys of Commission appointed auditors carried out since 2001 by the Commission. The NAO were provided with anonymised analysis of the survey findings by the Commission in order to support this work.</p> <p>The NAO finds that local authorities have coped well with reductions in government funding, but some groups of authorities are showing clear signs of financial stress. Over a quarter of single tier and county councils (those authorities responsible for social care and education) had to make unplanned reductions in service spend to deliver their 2013/14 budgets. Auditors are increasingly concerned about local authorities' capacity to make further savings, with 52 per cent of single tier and county councils not being well-placed to deliver their medium-term financial plans.</p> <p>The NAO also found that there is significant variation in the way that authorities have responded to the funding reductions. Authorities that have had larger cuts in government funding have not been able to protect funding of adults' and children's social care to the same extent as those with lower cuts. The report also shows that certain sub-services have experienced very substantial cuts in spending. Spending on the Supporting People programme, housing support and advice for vulnerable people fell by 45 per cent. Between 2010/11 and 2013/14, budgeted real terms spending on services for young people fell by 34 per cent.</p> <p>The reports can be found on the NAO website</p> <ul style="list-style-type: none"> ■ Financial sustainability of local authorities 2014: http://www.nao.org.uk/report/financial-sustainability-of-local-authorities-2014/ ■ The impact of funding reductions on local authorities: http://www.nao.org.uk/report/the-impact-funding-reductions-local-authorities/

Area	Level of Impact	Comments
<p>Audit Commission publish: an update on Council tax and business rates collection.</p>	<p>● For information</p>	<p>The Audit Commission has published an update to the Council tax and business rates collection VFM briefing, the last in its series of VFM data briefings analysing data in the VFM Profiles. The briefing looks at the amount of council tax and business rates councils collected and their collection rates in 2013/14 – the first year of new localised council tax support schemes and business rate retention arrangements.</p> <p>By the end of 2013/14 councils had collected £46.05 billion of the £47.26 billion due to be paid that year, leaving £1.21 billion uncollected. Council tax collection rates were 0.4 per cent lower than in 2012/13 but business rates collection rates were 0.2 per cent higher. Council tax debt from 2013/14 and previous years increased by 6 per cent. The proportion of debt from previous years that councils collected ranged from 2 per cent to 76 per cent and the proportion of debt written off ranged from 1 per cent to 32 per cent.</p> <p>Nearly four fifths of councils collected more business rates in 2013/14 than they did in 2012/13 in real terms and so were likely to benefit from the new business rates retention arrangements.</p> <p>The update can be found on the Audit Commission website: http://www.audit-commission.gov.uk/information-and-analysis/value-for-money-briefings-2/</p>



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Appendix

Appendix 1 – 2014/15 Audit deliverables

Deliverable	Purpose	Timing	Status
Planning			
Fee letter	Communicate indicative fee for the audit year	April 2014	Complete
External audit plan	Outline our audit strategy and planned approach Identify areas of audit focus and planned procedures	January 2015	Complete
Interim			
Interim report	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. Initial VFM assessment on the Council's arrangements for securing value for money in the use of its resources.	March 2015	TBC
Substantive procedures			
Report to those charged with governance (ISA+260 report)	Details the resolution of key audit issues. Communication of adjusted and unadjusted audit differences. Performance improvement recommendations identified during our audit. Commentary on the Council's value for money arrangements.	September 2015	TBC
Completion			
Auditor's report	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 2015	TBC
WGA	Concluding on the Whole of Government Accounts consolidation pack in accordance with guidance issued by the National Audit Office.	September 2015	TBC
Annual audit letter	Summarise the outcomes and the key issues arising from our audit work for the year.	November 2015	TBC
Certification of claims and returns			
Certification of claims and returns report	Summarise the outcomes of certification work on your claims and returns for Government departments.	December 2015	TBC



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Report author: P Garnett

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Report of City Solicitor

Report to Corporate Governance and Audit Committee

Date: 20th March 2015

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 for the 2015/16 year. 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 the draft work programme attached at Appendix 1 and determine whether any additional items need to be added to the work programme.

3.2 Members are asked to consider and note the provisional dates for meetings of the Committee in the 2015/16 municipal year; these have been set out in such a way as to enable the Committee to fulfil its functions and responsibilities in a reasonable and proportionate way.

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 requested to:

6.2(a) consider the work programme attached at Appendix 1 and determine whether any additional items need to be added to the work programme; and

6.3(b) and note the provisional dates for the 2015/16 municipal year.

**CORPORATE GOVERNANCE AND AUDIT COMMITTEE
WORK PROGRAMME**

25th June 2015		
Approval of Leeds City Region Accounts	To receive a report requesting approval of the LCC Accounts	Chief Officer (Financial Services) Doug Meeson
Financial Management Arrangements In the Planning and Sustainable Development Service	To receive a report providing assurance in respect of the financial planning arrangements relating to the planning service	Tim Hill (Chief Planning Officer)
9th July 2015		
Release of Accounts for Public Inspection	To receive a report releasing the Accounts for public inspection.	Chief Officer (Financial Services) Doug Meeson
Annual Internal Audit	To receive the Annual Internal Audit Report	(Acting Head Of Internal Audit) Sonya McDonald
Annual Report on Performance and Risk Management	To receive a report regarding the Council's risk management arrangements.	(Chief Officer Strategy and Improvement) Mariana Pexton
Internal Audit Update Report	To receive the Internal Audit quarterly report	(Acting Head Of Internal Audit) Sonya McDonald
KPMG – Interim Audit report	To receive the KPMG Interim audit report	Chief Officer (Financial Services) Doug Meeson

CORPORATE GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME

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
18th September 2015		
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 Services) Doug Meeson
Approval of LCC Accounts	To receive a report requesting approval of the LCC Accounts	Chief Officer (Financial Services) 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	(Acting Head Of Internal Audit) Sonya McDonald
Local Government Ombudsman's Annual Letter	To receive the annual letter from the Local Government Ombudsman	Chief Officer (Customer Access) Lee Hemsworth
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 Services) Doug Meeson
Business Continuity Report (Phase 2 Plans)	To receive a report reviewing the Councils Business Continuity planning in relation to Phase 2 Plans	(Chief Officer Strategy and Improvement) Mariana Pexton

CORPORATE GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME

28th January 2016		
KPMG – Annual Audit Letter – including opinion	To receive a report certifying grants and returns and to consider the Audit Fee letter.	Chief Officer (Financial Services) 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 Services) Doug Meeson
KPMG – Approval of External Audit Plan	To receive a report requesting approval of the external audit plan	Chief Officer (Financial Services) Doug Meeson
Internal Audit Update Report	To receive the Internal Audit quarterly report	(Acting Head Of Internal Audit) Sonya McDonald
Treasury Management Annual Report	To receive the annually Treasury Management Report providing assurance on the processes used by the department	Chief Officer (Financial Services) Doug Meeson
24th March 2016		
Internal Audit Plan	To receive a report informing the Committee of the Internal Audit Plan for 2013/14	(Acting Head Of Internal Audit) Sonya McDonald
Internal Audit Update Report	To receive the Internal Audit quarterly report	(Acting Head Of Internal Audit) Sonya McDonald
Information Security Annual Report	To receive a report on the Council's Information Security arrangements.	(Chief Officer Strategy and Improvement) Mariana Pexton

CORPORATE GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME

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
Bring Forward items		
Information Security Annual Report (June /July 2016)	To receive a report on the Council's Information Security arrangements.	(Chief Officer Strategy and Improvement) Mariana Pexton