

Corporate Governance and Audit Committee

Friday, 16th March, 2018

PRESENT: Councillor P Davey in the Chair
Councillors R Wood, J Bentley, P Harrand,
K Bruce, J Illingworth, G Hussain,
J Heselwood and D Nagle

48 Appeals Against Refusal of Inspection of Documents

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

49 Exempt Information - Possible Exclusion of the Press and Public

There were no items identified where it was considered necessary to exclude the press or public from the meeting due to the nature of the business to be considered.

50 Late Items

There were no late item of business.

51 Declaration of Disclosable Pecuniary and Other Interests'

There were no declarations of disclosable pecuniary interest made at the meeting.

52 Apologies for Absence

Apologies for absence were received from: Councillors: N Dawson

Councillor D Nagle was in attendance as a substitute.

53 Minutes for the Previous Meeting

RESOLVED – That the minutes of the previous meeting held on 22nd January 2018 were accepted as a true and correct record.

54 Matters Arising from the Minutes

- (i) KPMG Annual Audit Letter 2016/17 (Minute No.38 (iii) referred) – The Principal Financial Manager, Resources & Housing provided an update with regard to the outstanding LOBO objection.

It was reported that KPMG were aiming to have a draft findings document available for discussion with the Council in April

- (ii) Customer Contact and Satisfaction - Annual Report (Minute No. 39 referred) – The Head of Governance Services and Scrutiny Support reported that the issues raised by Members at the previous meeting relating to customer contact had been circulated to all Members of the Committee. It was also reported that the concerns raised by the Committee relating to DBS checks for Members were being considered by the Member Management Committee at their meeting on 17th March 2018

55 Annual Information Governance Report

The Director of Resources and Housing submitted a report which presented the Annual Information Governance report.

The report sets out the steps being taken to improve Leeds City Council's information governance in order to provide assurance for the annual governance statement.

Addressing the report the Head of Information Management and Governance said considerable progress had been made to resolve security issues. The Cabinet Office had de-escalated Leeds City Council's PSN (Public Services Network) status to Remediation, but the city council still remained non-compliant at present. Work was on-going to re-apply in May 2018.

Members were informed that the council continued to handle and process requests for information in accordance and compliance to appropriate legislation such as the Data Protection Act and Freedom of Information Act.

Members noted the General Data Protection Regulation (GDPR) would replace the current Data Protection Act 1998, and would pass directly into Member State law taking effect from 25th May 2018. The Regulation imposes new and significantly more stringent requirements for the handling of personal data.

Referring to the Council's continued PSN status of non-complaint, Members queried how many other core cities were in a similar situation and what were the consequences of not been complaint

In responding the Head of Information Management and Governance said six other local authorities were in a similar position to Leeds. In terms of what were the consequences of not been compliant, it was suggested there were no financial penalties but continuous monitoring would be undertaken by the Cabinet Office.

Members queried if there was further training to be delivered around cyber resilience and also the requirements of GDPR.

Members queried what the position was in respect of training for Members and Officers, the Committee were informed that a variety of training delivery methods were currently been considered including: face to face, web presentation and E- learning training packages.

Members of the Committee were of the view that training should be mandatory for both Members and Officers and undertook to recommend to the Member Management Committee that training arrangements for cyber resilience and GDPR be established as compulsory for Members.

Members welcomed the report and acknowledged the measures been undertaken to achieve PSN and GDRP compliance

RESOLVED –

- (i) To note the contents of the report and the assurances provided as to the Council's overall approach to information governance.
- (ii) To note the efforts being made to rectify the current situation with regards to the Council's approach to Cyber and PSN compliance where some progress had been achieved.
- (iii) To note the assurance provided by the Head of Information Management and Governance as to the Council's approach to implementation of the changes required to achieve compliance with the new Data Protection legislation from May 2018.
- (iv) To recommend to the Members Management Committee that training on GDPR and Cyber Resilience be identified as mandatory for all Elected Members

56 Procurement Assurance Report

The Chief Officer Projects, Programmes and Procurement Unit submitted a report which presented the Annual Assurance report in respect of procurement policies and practices.

The report sets out details of the Council's procurement function and the ongoing work to maintain effective procurement support tools and guidance.

Members were informed that following review, assessment and ongoing monitoring carried out, the Chief Officer PPPU had reached the opinion that, overall, systems were operating effectively and that there were no fundamental control weaknesses. It was further recognised that Procurement Assurance needs to be subject to regular review and assessment with the following actions already identified for 2018/19;

- Update and refresh of the Procurement Strategy, including a review of the reliance upon the current Category Management Methodology
- Review of CPR's in line with changes in legislation and Council policy.
- Compliance remained an issue in some areas, notably around justification in reports considering waivers.

Referring to the monitoring of waiver activity, Members queried what additional plans were being considered to address the continuing issue relating to waivers and off contract spend and what could be done to improve oversight/monitoring in the coming financial year.

In responding the Senior Project Solicitor reported that the contract award process for contracts above £100k, internal audit reports and the ongoing training and support provided to directorates offered further assurance around compliance.

It was also noted that there was additional audit coverage for procurement proposed in the Internal Audit Plan 2018/19

Referring to Social Value Members requested to know what weight was given to the use of local suppliers.

In responding Members were informed that the procedure rules did not allow the tender evaluation criteria to be weighted in favour of local suppliers but the use of other criteria, such as a requirement for a winning bidder to consider using local sub-contractors was acceptable.

RESOLVED – To note and accept the assurance provided in the submitted report

57 Annual Business Continuity Report

The Director of Resources and Housing submitted a report which presented the Annual Business Continuity Report.

The report sought to provide assurances that Leeds City Council maintained compliance with the statutory duties contained within the Civil Contingencies Act 2014.

Members noted there were currently 79 Business Continuity Plan implemented for LCC's prioritised services and functions but how many had recently been reviewed.

The Principal Officer Resilience and Emergencies said 64 had been completed, 15 were "work in progress" but it was anticipated that all outstanding plans would be completed in the near future.

The Principal Officer Resilience and Emergencies advised the Committee that due to recent incidents there was now an even greater appreciation of how important it was to have an up to date, and tested Business Continuity plan.

Referring to the West Yorkshire Community Risk Register, paragraph 4. 6 of the submitted report, Members queried if the local NHS Trust was also included on this risk register

Officers confirmed that all such organisations were included as part of the multi-agency Working Party.

Reference was made to the recent period of cold weather and the issue of emergency boiler repairs to some council house properties. Members queried if the emergency plan was implemented and was it sufficiently escalated.

Officers confirmed the plan was implement but the poor weather conditions and the difficulty in travelling did result in a delay in response times.

RESOLVED – To note and welcome the assurance provided in paragraph 6.1 of the submitted report that the business continuity arrangements were fit for purpose, up to date, were routinely complied with, had been effectively communicated and were monitored

58 Internal Audit Update Report January to February 2018

The Chief Finance Officer submitted a report which provided a summary of the Internal Audit activity for the period January to February 2017 and highlighted incidence of any significant control failings or weaknesses.

The report also provided information from the Head of Service (Legal) about the recent use of the council's surveillance powers under RIPA.

Members were informed that audit had reviewed the processes in place within Adults and Health to ensure that policy and procedures in relation to DoLS (The Deprivation of Liberty Safeguards) were are in line with legislation, had been communicated to all relevant parties and training provided as necessary. The audit also reviewed the monitoring arrangements in place to ensure the policy was complied with and that the outcomes from this are reported to the appropriate forum, with remedial action being taken where necessary.

The review resulted in an acceptable assurance opinion overall for the control environment.

It was noted that all recommendations made had been agreed with the Service and a follow up review would be undertaken during 2018/19 to assess the progress made.

In conclusion the Head of Internal Audit said there were no issues identified by Internal Audit in the January to February 2018 Internal Audit Update

Report that would necessitate direct intervention by the Corporate Governance and Audit Committee.

RESOLVED –

- (i) To receive the Internal Audit Update Report covering the period from January to February 2018 and note the work undertaken by Internal Audit during the period covered by the report.
- (ii) To note that there had been no limitations in scope and nothing had arisen to compromise the independence of Internal Audit during the reporting period.
- (iii) To note the information in the report about the recent use of the council's surveillance powers under RIPA and the information provided by the Head of Service (Legal) about the recent use of the council's surveillance powers under RIPA.

59 Internal Audit Plan 2018-19

The Chief Finance Officer submitted a report which presented the proposed Internal Audit Plan for 2018-19 for review and approval.

The report also included a summary of the basis for the plan which had been developed in consultation with Senior Management.

Members were informed that the proposed Internal Audit Plan for 2018-19 had been prepared in line with the PSIAS. A risk-based approach had been used to prioritise internal audit work and ensure there was sufficient coverage and internal audit resource to provide an evidence-based assurance opinion that concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

Members noted the plan was responsive in nature and all efforts would be made to maximise coverage to provide the most effective internal audit service that focuses on those key risks facing the organisation throughout the year. Progress against the plan would be monitored throughout the year and key issues would continue to be reported back to this Committee.

Members queried the reason why parking services had been included within the plan.

The Head of Internal Audit said that an audit of the systems in place within parking services had been included in the audit plan following a recommendation made by senior management as a result of a customer complaint.

RESOLVED – That approval be given to the proposed Internal Audit Plan for 2018-19.

60 Review of the Whistleblowing and Raising Concerns Policy

The Chief Finance Officer submitted a report which set out details of the revisions to the Whistleblowing Policy and Raising Concerns Policies.

The report also provided Members with an opportunity to comment on the updated policies prior to publication.

Members were informed that the review of the overall content of both the Whistleblowing Policy and Raising Concerns Policy had been undertaken to ensure that the policies were up to date and fit for purpose in accordance with best practice, offering clear, consistent and relevant guidance upon how and when concerns should be raised around any aspects of the council's work.

It was noted that once approved, the Whistleblowing and Raising Concerns policies would be published on the intranet and internet respectively, and effective communication would to be strengthened through the provision of training across directorates. Assurances that the policies were routinely complied with would continue to be gained through regular reporting of the policy outcomes delivered through the update reports provided to this. This, in turn, would drive periodic monitoring and review of the policy content to ensure that they continue to underpin the principles of good governance throughout the organisation.

Reference was made to section 3.4 of the submitted report and the inclusion of a new section on whistleblowing by individuals in schools. Members queried if a pupil could also raise a concern through the Whistleblowing Policy.

In responding officers suggested that there were separate reporting mechanisms in place for school pupils.

RESOLVED –

- (i) That the contents of the report by noted
- (ii) That following consultation with Legal Services and HR the Chief Officer (Financial Services) has delegated authority to approve the revised policies prior to publication.

61 Annual Assurance Report on the Financial Management and Control Arrangements and Compliance with the Chief Finance Officer Protocol

The Chief Officer Financial Services submitted a report which aimed to provide assurance that the financial control and financial governance arrangements that were in place were fit for purpose, up to date and embedded across the organisation.

Members were informed that the Responsible Financial Officer had established an effective overall financial control environment framework for

financial planning and exercises effective financial management and control which, in his opinion, discharge both his statutory responsibilities and were consistent with the Chief Financial Officer protocol which forms part of the Council's constitution.

It was reported that the framework of control and developments outlined in section 3 of the submitted report were fit for purpose, up to date, embedded and were regularly complied with.

The Head of Finance - Financial Management said that whilst the above arrangements should provide members with substantial assurance that the Council does have in place appropriate systems and procedures to deliver sound financial management and planning, it is important that this is kept continually under review and improved upon where appropriate.

Members queried if Business Rates may be exposed as a consequence of Brexit.

In responding the Head of Finance said consequences of Brexit remained unclear but the position was constantly monitored.

RESOLVED –

- (i) To note the Chief Officer Financial Services assurances that there are appropriate systems and procedures are in place to ensure that there is sound financial management and control across the Authority.
- (ii) To note that the arrangements set out in Section 5K of the Chief Finance Officer protocol, of the Council's constitution, had been complied with.

62 Work Programme 2018/19

The Head of Governance and Scrutiny Support presented a report of the City Solicitor which set out the draft work programme for 2018/19 and associated meeting dates.

RESOLVED – That approval be given to the draft work programme 2018/19 as set out in the Appendix of the submitted report.

63 Date and Time of Next Meeting

RESOLVED – To note that the next meeting will take place on Tuesday, 26th June 2018 at 10.00am in the Civic Hall, Leeds.