

## **Corporate Governance and Audit Committee**

**Friday, 19th September, 2014**

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

Apologies Councillors J Pryor and J Cummins

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

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

### **17 Councillor A McKenna**

The Chair welcomed Cllr A McKenna to the Committee following her replacement of Cllr S McKenna.

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

There were no resolutions to exclude the public.

### **19 Late Items**

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

### **20 Declaration of Disclosable Pecuniary and Other Interests'**

No declarations were made.

### **21 Apologies**

Apologies for absence were received from Councillors J Cummins and J Pryor.

### **22 Minutes - 11th July 2014**

**RESOLVED** – That the minutes of the meeting held on 11th July 2014 be approved as a correct record.

## 23 Matters Arising

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

Members noted receipt of financial information relating to the planning service which had been circulated earlier in the day.

**RESOLVED** –The Committee resolved to:

- (a) note the information received and asked that more notice be provided of additional information in future; and
- (b) Request the Chair write to the planning service requesting more detailed financial information prior to the next meeting for the Committee.

### Minute No.13 Decision Making Framework: Annual Assurance Report – Resolution (f)

The Head of HR explained to Members the circumstances where an officer of Leeds City Council would be required to register an interest and the arrangements whereby business interests of senior officers are published on the Council's website.

**RESOLVED** – The Committee resolved to request that the Scrutiny Board (Resources and Council Services), seek assurances around the implementation of that Board's recommendations to the Executive on officer interests.

## 24 Internal Audit Update Report 1st April to 31st July 2014

The Chief Officer (Audit and Investment) presented his report which provided a summary of Internal Audit activity for the period 1st April to 31st July 2014

Members discussed the proportion of time allocated to the different aspects of audit work set out in the audit plan.

Members also discussed the outcomes from audit activity that had been highlighted in the report and acknowledged that there are no weaknesses in control that require direct intervention from the committee at this time.

**RESOLVED** – The Committee resolved to:

- (a) receive the Internal Audit, 1st April to 31st July 2014, update report and note the work undertaken by Internal Audit during the period covered by the report.
- (b) request that the next update report includes an update on St Matthews and Lawnswood schools.

(c) request that further information on matters in respect of essential car user allowances be circulated to the Committee.

## **25 Report on the review of customer relations 2013-14 and Local Government Ombudsman's Annual Review Letter 2013-14**

The Executive Officer (Client and Customer Relations) presented a report of the Chief Officer, Customer Access which summarised the Council's complaints and Ombudsman cases for the period 1 April 2013 to 31 March 2014.

Members discussed the Local Government Ombudsman's Annual Review Letter to the Council. Members also discussed the overall effectiveness of the Council's approach to compliments and complaints and requested a further report setting out the overall framework for complaints operating in the Council.

**RESOLVED** – The Committee resolved to:

- (a) Note the report; and
- (b) Receive a further report to further explain the framework for complaints and compliments within Leeds City Council.

## **26 Financial Planning and Management Arrangements**

The Principal Finance Manager presented a report of the Deputy Chief Executive. The report highlighted the continuing significant financial challenge that the Council is facing, and the importance of ensuring that appropriate arrangements are in place to manage the Council's financial resources, Members discussed:

- The key systems and procedures which are in place;
- New developments and improvements which have been put in place;  
and
- New risks and issues arising.

Members also considered the Deputy Chief Executive's assurances that the systems and procedures in place are fit for purpose, up to date, embedded and being complied with.

Members also discussed the value of the Council's assets against debt held and what this meant for the Council. Members were informed that all borrowing is made in line with the Prudential Framework for Capital Finance in

Local Authorities. This provides that the Council can finance some capital expenditure by borrowing, provided this is at a level that is prudent and affordable in revenue terms.

**RESOLVED** – The Committee resolved to note the assurances provided that the appropriate systems and procedures are in place to ensure that the Council delivers sound financial management and planning.

(At 3:25pm during discussion of this item Councillor P Grahame left the meeting)

## **27 Audited Statement of Accounts and the Value for Money Assessment 2013/14**

The Principal Finance Manager presented a report of the Deputy Chief Executive which required the Committee to approve the Council's final audited Statement of Accounts and consider any material amendments recommended by the auditors.

John Prentice (Director) and Chris Hall (Assistant Manager) from KPMG were in attendance to discuss the report and answer Members' questions.

Members asked officers how the pension deficit on the balance sheet equated to their understanding as to the financial health of the West Yorkshire Pension Scheme. It was explained to members that the accounting rules, unlike the actuarial review, take no account of future growth in pension fund assets. It was confirmed that, based on the actuaries assessment of the pension scheme, the scheme was considered amongst the highest performing in the country with the scheme being 96% funded.

Members gave consideration to the ratio of debts to assets and rules about what the Council could borrow to fund. It was explained to Members that our debt to asset ratio was around 57% but this did not take into account the fact that many of the Council's assets were valued at social value or historic cost rather than market value. Members were also informed that there are strict accounting rules about what costs could be funded from borrowing.

Members noted that the external auditors had provided an unqualified statement on the accounts and that the Deputy Chief Executive had concluded that there were no material issues.

### **RESOLVED –**

(a) That the Committee receive the report of the Council's external auditors on the 2013/14 accounts and note that there are no audit amendments required to the Accounts;

(b) That the final audited 2013/14 Statement of Accounts be approved and that the Chair acknowledge the approval on behalf of the Committee by

signing the appropriate section within the Statement of Responsibilities on page 1 of the accounts;

(c) That on the basis of assurances received, the Chair is asked to sign the management representation letter on behalf of the Corporate Governance and Audit Committee; and

(d) That KPMG's VFM conclusion that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources be noted.

## **28 Annual Governance Statement**

The City Solicitor submitted a report presenting the Annual Governance Statement.

The Head of Governance Services was in attendance to present the report and answer Members' questions.

Members considered the review of effectiveness of the council's governance arrangements and the assurances received from lead officers.

Members stressed that all partnership arrangements entered into by the authority must demonstrate governance arrangements that are fit for purpose.

**RESOLVED** – The Committee resolved:

(a) That the Annual Governance Statement be approved; and

(b) To note that the Leader of Council, Chair of Corporate Governance and Audit Committee, City Solicitor, Chief Executive and Deputy Chief Executive intended to sign the document on behalf of the Council.

## **29 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;

(a) Note the forthcoming reports; and

(b) Not proceed with November's meeting on the proviso that in the Chair's view no urgent matters arise.