

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)

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.