

Corporate Governance and Audit Committee

Monday, 22nd January, 2018

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

32 Appeals Against Refusal of Inspection of Documents

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

33 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.

34 Late Items

There were no late item of business.

35 Declaration of Disclosable Pecuniary and Other Interests'

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

36 Apologies for Absence

Apologies for absence were received from: Councillors: N Dawson and P Harrand

Members noted that at the last meeting of Council on 10th January 2018 Membership of this Committee had been revised with the size being reduced by one member and Councillor Sobel MP was no longer a Member of the Committee.

37 Minutes of the Previous Meeting

RESOLVED – That the minutes of the previous meeting held on 22nd September 2017 were accepted as a true and correct record.

38 Matters Arising from the Minutes

- (i) Internal Audit Report June to August 2017 – (Minute No. 25 referred) – With reference to resolution (vi) the Head of Governance and Scrutiny Support said that a letter had been

sent on behalf of this Committee to the West Yorkshire Police Crime Commissioner in relation to the Internal Audit Report into former Neil Taggart and the use of council resources and suggesting the police may wish to undertake their own investigations.

In a response dated 21st December 2017 the West Yorkshire Police Crime Commissioner said staff from his office were also looking into this matter.

In respect of resolution (v) Members undertaking checks through the Disclosure and Barring Service. The Head of Civic and Member Support reported that progress was been made, at the last meeting there were 24 outstanding DBS checks, that number had now been reduced to 14 of which 4 Members were not seeking re-election.

It was suggested that the issue be referred to the Member Management Committee for consideration with a report being presented by the end of Municipal year

The Head of Governance and Scrutiny Support reported that the issues concerning measures to supplement the existing web filtering controls had been progressed by ICT colleagues. Agreement had been reached for the authority to sign up to The Internet Watch Foundation.

- (ii) Annual Information Governance Report – Update on Cyber Position – (Minutes No. 26 referred) – It was reported that a separate report on this issue appeared elsewhere on the agenda
- (iii) Approval of the Audited Statement of Accounts and KPMG Audit Report – (Minute No. 27 referred) - The Head of Governance and Scrutiny Support reported that one objection to the accounts remained under consideration by KPMG, and had resulted in a delay in the completion of the overall audit.
- (iv) Appointment of Head of Audit – The Chair reported that he'd been a Member of the Stakeholders Panel which considered the appointment of the Head of Audit and he had pleasure in supporting the recommendation of the Panel in appointing Sonya McDonald to the position of Head of Audit

39 Customer Contact and Satisfaction - Annual Report.

The Chief Officer Customer Access submitted a report which provide the annual update on customer contact/ satisfaction levels with customer services delivered by the City Council.

Appended to the report was a copy of the following document:

- Feedback from service areas as to complaint trends and learning points (Appendix 1 referred)

The Chief Officer Customer Services, Communities & Environment presented the report and responded to Members queries and questions.

Detailed discussion ensued on the contents of the report which included:

- An overview of Customer Contact
- Customer Satisfaction for Customer Access
- Compliments and Complaints – Council Wider
- Actions taken in the previous 12 months to improve customer access and satisfaction
- Community Hub Developments
- Customer Relations Pilot Update
- Corporate Review of Compliments and Complaints

Referring to paragraph 3.5 of the submitted report; Volumes of Contacts, Members queried why there was no reference or statistics for social media contact; Facebook and Twitter. A further query was raised about the use of Community Libraries, Members noted there were 1.5m contacts per year but sought further information on what was included in these figures as library book loans may also be included.

In responding the Chief Customer Services Officer said the information for both queries was not readily available and that a detailed response would be circulated to all Members of the Committee.

Referring to Compliments and Complaints Members queried the figures in respect of the Adult Social Care and Children's Services (stage 1 and 2 complaints) and requested if further information could also be provided clarifying the reasoning behind the figures.

Members noted there was no reference to Member's case work and asked if this could be captured as data to inform in future Annual Assurance Reports.

In responding the Chief Customer Services Officer confirmed it was his intension to include Members case work in future reports to this Committee.

Whilst noting the assurance provided by the Chief Customer Services Officers Members emphasised their own observations with regard to constituency case work which often highlighted real frustration with respect to customer contact with the Council

In considering Appendix 1, Members expressed disappointment and concern that staff attitude / conduct appeared to be a common complaint.

Members suggested that the matter be referred to Scrutiny Board (Adults and Health) with a view to investigating the matter further.

Reference was made to Community Hub Developments, Members were supportive of such facilities but noted they were not yet located in all areas of the city. It was highlighted by Members that numerous Council owned properties were available to fulfil this role but many had stood vacant for years and had fallen into a state of disrepair and neglect; Abbey Mills and Rothwell Civic Buildings were provided as two examples by Members. Members expressed concern about the management of such Council Assets and requested that a report be prepared by the Director of City Development with a view to providing assurance as to the governance arrangements to manage/ maintain and make best use of council buildings including those with Listed Status.

RESOLVED –

- (i) That the contents of the report and the assurances provided be noted
- (ii) Further details be provided to Members about; the volume of contacts made with the Council by Social Media and to also provide clarification as to what the 1.5m Community Libraries contacts represented
- (iii) That constituency case work be captured and included in future annual assurance reports to this Committee
- (iv) That the complaints about staff attitude / conduct in Adult Social Care be referred to Scrutiny Board (Adults and Health) with a view to further investigation of the matter and classification of the breach of complaints data reported by the Directorate
- (v) That a report be prepared by the Director of City Development with a view to providing assurance as to the governance arrangements to manage/ maintain and make best use of council buildings including those with Listed Status.

40 Information Management and Governance - Update on Public Services Network (PSN) Submission and Cyber Position and the Implementation of the new Data Protection Framework (GDPR)

The Director of Resources and Housing submitted a report which provided an update on the current position on Cyber Assurance and Compliance,

specifically compliance to the PSN Assurance standard and sets out progress on the council's plans for implementation of GDPR.

It was reported that Members had previously been circulated a link to the National Audit Office briefing papers to Audit Committees on Cyber Security.

<https://www.nao.org.uk/wp-content/uploads/2017/09/Cyber-and-information-security-guide.pdf>

Members noted that Elected Members were personally responsible as data practitioners for the management of personal information they hold in their capacity as Ward Councillors

The Committee took the view that there was a necessity that all Elected Members be reminded of their personal accountabilities and that Member Management Committee consider receiving a plan to engage Members in cyber resilience training and the requirements of GDPR

The Head of Information Management & Governance said a briefing note was currently being prepared regarding GDPR for Elected Members and it was anticipated briefing sessions and training packages could also be provided.

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

RESOLVED –

- (i) That the contents of the report be noted.
- (ii) To acknowledge the efforts being undertaken to rectify the current situation with regard to the Council's approach to information governance and specifically PSN compliance.
- (iii) To acknowledge the approach to implementation of the changes required to achieve compliance with the new Data Protection legislation from May 2018
- (iv) That the Member Management Committee be recommended to consider receiving an assurance as to the arrangements in place to engage Members in cyber resilience training, the requirements of GDPR and an understanding of their personal responsibilities.

41 KPMG Annual Audit Letter 2016/17

The Chief Finance Officer submitted a report which provided a summary of the key external audit findings in respect of the 2016/17 financial year.

Appended to the report was a copy of the following document:

Draft minutes to be approved at the meeting
to be held on Friday, 16th March, 2018

- KPMG Annual Audit Letter 2016/17 (Appendix 1 referred)

The Principal Financial Manager presented the report, Mr Robert Fenton from KPMG was in attendance to respond to Members queries and questions.

Members were informed that the letter concluded that KPMG had been able to provide unqualified opinions in respect of all the areas they were required to assess.

It was noted that a final audit certificate for the 2016/17 audit had not yet been issued, due to work on an elector objection being not yet concluded.

The Chair sought assurance that the matter would be resolved quickly

In responding KPMG confirmed this was currently under review and was expected to be resolved satisfactorily in the near future.

Members were informed there were no major issues arising from the work of external audit, and officers would continue to address any recommendations raised in the reports.

RESOLVED –

- (i) To receive KPMG's Annual Audit Letter
- (ii) To note the conclusions and recommendations arising from the 2016/17 audit process

42 KPMG Certification of Grants Report 2016/17

The Chief Finance Officer submitted a report which provided details of the outcomes of the work of auditors in respect of the certification of grant claims in 2016/17.

Appended to the report was a copy of the following documents:

- 2016/17 Certification of Claims and Returns Action Plan (Appendix 1 referred)
- Follow up of 2015/16 Certification of Claims and Returns Recommendations (Appendix 2 referred)

The Principal Financial Manager presented the report, Mr Robert Fenton from KPMG was in attendance to respond to Members queries and questions.

It was noted that KPMG's audit work identified a number of minor errors in the Housing Benefit Subsidy claim which required qualification and amendment.

Members were informed that all grant claims and returns had been successfully completed and final approved claims submitted to the relevant granting organisation.

RESOLVED –

- (i) To receive KPMG's Certification of Grant Claims and Returns report
- (ii) To note the conclusions and recommendations arising from their 2016/17 audit work.

43 2017/18 Accounts Timescales and KPMG Audit Plan

The Chief Finance Officer submitted a report which informed Members of the earlier statutory deadlines for approval of the 2017/18 statement of accounts.

The report also provided details of KPMG's audit plan for the audit of the Council's accounts and value for money arrangements and highlights the risk based approach to the audit and the main risks they had identified for 2017/18.

Appended to the report was a copy of the following:

- KPMG External Audit Plan 2017/18 – Leeds City Council – January 2018 (Appendix 1 referred)

The Principal Financial Manager presented the report, Mr Robert Fenton from KPMG was in attendance to respond to Members queries and questions.

Members were informed that the new statutory timescales for local authority accounts would mean that the meeting of this committee which approved the final audited accounts was expected to be held in late July.

Members confirmed that they wished to also review the draft accounts at its meeting in June.

It was noted that KPMG had provided the Council with a plan for discharging their responsibilities in respect of the external audit of the Council's 2017/18 accounts and for assessing the Council's arrangements for securing value for money. The report also identified what was seen as the main risks.

With reference to page 71 of the submitted report, value for money arrangements and the release £3.7m into the Children and Families budget for 2017/18, Members queried whether bringing forward the use of some grant income within this figure was a correct accounting treatment.

The Head of Finance - Financial Management, confirmed that the accounting was correct and that additional funding had been provided to address a demographic pressure, with actions being identified for 2018/19 to manage the consequent effects.

RESOLVED –

- (i) To receive and agree KPMG's Audit Plan for 2017/18
- (ii) To note the conclusions and recommendations arising from their 2016/17 audit work.
- (iii) That the draft statement of accounts 2017/18 be scheduled to come to this Committee in June 2018

44 Internal Audit Update Report September to December 2017

The Chief Finance Officer submitted a report which provided a summary of the Internal Audit activity for the period September to December 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.

The Head of Audit presented the report and responded to Members queries and questions

Referring to paragraph 3.2.5 of the submitted report, ICT Projects, Members expressed concern that no evidence had been provided to demonstrate that the benefit realisation exercise had been completed.

In responding the Head of Audit said a follow up audit would be undertaken which would specifically focus on how the benefits realisation process for ICT projects was being implemented across the authority and ensure clarity was provided as to who was responsible for undertaking those reviews

Referring to the Leeds Grand Theatre, it was understood by Members that there was an intension to produce a full lessons learnt report following the recent fraud investigation and subsequent prosecution. Members queried if such a report had been produced yet.

Members were informed that the Internal Audit team had worked closely with the Grand Theatre since the identification of the fraud to help them put the necessary measures in place. Wider fraud awareness training had also been provided.

Referring to the issue of proactive anti-fraud work, paragraph 3.2.17 refers, the Head of Audit reminded Members of an investigation into potential fraudulent activity at one Leeds school. It was reported that this case had now concluded and resulted in court proceedings in December 2017. The School Business Manager admitted to illegally obtaining £53,000 through forgery and was sentenced to 16 months in prison. The bank had since refunded the school and a follow up review had been completed.

Members were informed there were no issues identified by Internal Audit in the September to December 2017 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 September to December 2017 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) That an audit of Customer Satisfaction be included in the audit plan for 2018/19
- (iv) 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.

45 Treasury Management Governance Report 2017

The Chief Finance Officer submitted a report which presented the Annual Treasury Management Governance Report 2017.

The report outlined the governance framework for the management of the Council's Treasury Management function and also reviewed compliance with updated CIPFA guidance notes for practitioners on the Prudential Code for Capital Finance in Local Authorities issued in 2017.

Members were informed that the treasury management governance framework was up to date and fit for purpose, that the Council was operating within its governance framework and as such was complying with the CIPFA Treasury Management Code of Practice, Prudential Code and updated guidance notes.

It was noted that a 2016/17 Internal Audit report gave Treasury Management substantial assurance on both control and compliance. The report also confirmed that the strategy was being monitored and reported back to Executive Board and full Council as appropriate.

RESOLVED –

- (i) To note that Treasury Management continues to adhere to its governance framework including the CIPFA Code of Practice, the Prudential Code and revised CIPFA guidance notes issued in 2013.
- (ii) To note that all borrowing and investments undertaken have been compliant with the governance framework.

46 Work Programme 2018

The Head of Governance and Scrutiny Support presented a report of the City Solicitor which set out the draft work programme for March 2018.

Following decisions made earlier on the agenda the following items be added to the future work programme of the Committee for 2018/19:

- Governance Arrangements to manage/ maintain and make best use of Council Buildings including those with Listed Status. (June 2018)
- Draft Statement of Account 2017/18 (June 2018)
- Annual Governance Statement (June 2018)
- Final Audited Accounts 2017/18 (July 2018).

RESOLVED – That with the inclusion of the above, to agree the work programme.

47 Date and Time of Next Meeting

RESOLVED – To note that the next meeting will take place on Friday, 16th March 2018 at 10.00am in the Civic Hall, Leeds.