

## **Corporate Governance and Audit Committee**

**Tuesday, 27th March, 2012**

**PRESENT:** Councillor G Driver in the Chair  
Councillors P Grahame, N Taggart,  
C Campbell, G Kirkland, A Lowe, J Elliott,  
W Hyde, T Hanley, C Fox and G Hussain

Apologies G Tollefson (Co-optee)

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

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

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

The Committee considered the designation of Appendix 1 to Agenda item 10 (minute 94 refers) as exempt under the Access to Information Procedure Rules 10.4 (7).

**RESOLVED** - That the press and public be excluded from the meeting during consideration of the following part of the agenda designated as containing exempt information on the grounds that it is likely, in view of the nature of the business transacted, that if members of the press and public were present there would be disclosure to them of exempt information, as follows:-

Appendix 1 and 2 to Agenda item 10 because they contained information relating to actions to be taken in connection with the prevention, investigation or prosecution of crime.

### **88 Late Items**

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

### **89 Declaration of Interests**

There were no declarations of interest made at this part of the meeting. However during discussion of Agenda item 10 Councillor G Hussein as a residential property landlord (Minute 96 refers)

### **90 Apologies for Absence**

Apologies for absence were received from Mr G Tollefson.

## **91 Minutes of the Previous Meeting**

The minutes of the Corporate Governance and Audit Committee meeting held on 27<sup>th</sup> February 2012 were approved as a correct record.

## **92 Matters Arising**

### Minute 80. Transforming Procurement Programme Position Statement

The Chair of the Committee highlighted this piece of work, requested by the Committee, as one of the positive aspects of the Committee's work this municipal year. The Chair proceeded to read out a statement received by him from the Chief Officer PPPU and Procurement Unit, which updated the Committee on the further work which is being undertaken to transform procurement following the report to the Committee on 27<sup>th</sup> February 2012.

## **93 Chair's Remarks**

The Chair updated the Committee on the latest development on audit arrangements for Leeds and the other core cities. Four large firms have been selected to undertake the audits of the core cities, of these Leeds is to be audited by KPMG for the next five years following a tender exercise.

The Chief Officer (Audit and Risk) was asked to comment and informed the Committee that the Department for Communities and Local Government have highlighted a 40% reduction in audit fees. The Audit Commission run tendering exercise asked for submissions based on 3 year contracts and 5 year contracts. Given the extent of the savings from 5 year contracts it had been decided to opt for 5 year contracts. Although primary legislation is promised in the spring of 2012, there is less urgency about establishing Independent Audit Appointment Panels. It was noted that 4 firms are to be awarded contracts, Grant Thornton, KPMG (in the Yorkshire and Humber regions), Ernst and Young and DA Partnerships.

## **94 Financial Planning and Management Arrangements**

The Chief Officer (Financial Management) presented a report of the Director of Resources outlining the key systems and procedures which are in place to ensure that the Council delivers sound financial planning and management whilst ensuring the maintenance of adequate reserves. The report also gave Members assurance that these systems and procedures are fit for purpose, up to date, embedded and being complied with.

The Principal Finance Manager was also in attendance to answer Members questions.

Members discussed the report in detail. Firstly Members raised concerns about the financial future of the authority and questioned officers on how budgets will be balanced in the future with a diminishing amount of money to be spent. This led Members in to discussion with officers on the difficulties of

in year monitoring of budgets and the systems in place to undertake such monitoring. Budgeting for staffing was discussed in particular and the action plan surrounding this area.

Members also discussed the structure of Financial Management at the Council and how the five directorate's finances are controlled and managed.

Following questions about recruitment of financial staff Members were informed by the Chief Officer (Financial Management) that after a period of two years of no recruitment and a reduction in staffing numbers the Council is again recruiting trainee accountants.

**RESOLVED** – The Committee resolved to:

- (a) note the assurances provided that appropriate systems and procedures are in place to ensure that the Council delivers sound financial management and planning;
- (b) request a further report to review the budgetary system for staffing at the Council; and
- (c) Receive a similar report on the Financial Management of the Council on an annual basis.

(Councillor Campbell entered the meeting at 2:25pm during the discussion of this item.)

## **95 Annual Information Security Report**

The Chief Officer (Intelligence and Improvement) presented a report of the Assistant Chief Executive (Customer access and Performance). The report was the annual report detailing the steps being taken to improve Leeds City Council's information security in order to provide assurance for the Annual Governance Statement the details of which were attached at Appendix 1 to the report.

The (Executive Officer Information Governance) and the (Solutions Architect) were in attendance to answer Members questions.

The report was discussed by Members who asked a number of technical questions of officers, specifically the differences between spyware and malware, and explored with them the ability of the Council to be able identify every piece of IT equipment in the Council's possession and that if a device was not recognised it would not be provided with full service.

Members went on to confirm with officers present that training given to staff does cover data protection and ask questions about how the Council stops foreign and domestic computer hackers who have the intention of disrupting governmental organisations.

**RESOLVED** – The Committee resolved to note the contents of the report and the assurances provided as to the Council's approach to information security.

(Councillor Taggart entered the Meeting at 2:52pm during the discussion of this item)

## **96 Risk-based verification policy**

The Chief Revenues and Benefits Officer presented a report of the Director of Resources. The report outlined the proposed changes to the verification of Housing and Council Tax benefit claims by introducing a risk-based verification scheme. The report highlighted what has changed, this being the level of verification activity that is a risk-based approach.

The Chief Revenues and Benefits Officer also informed the Committee that the Director of Resources had reviewed the risk based verification policy and was ready to approve it following discussion by Members.

The Assessment Unit Manager was also in attendance to answer any questions Members had.

Members discussed the report and emphasised the importance of data sharing between Council departments and the DWP to help mitigate against the risk of benefit fraud.

Members questioned officers present about indirect equality implications specifically where English is not a first language.

**RESOLVED** – The Committee resolved to note the report in advance of the Council's Section 151 Officer approving the Policy.

## **97 Business Continuity Programme update**

The Business Continuity Manager presented a report of the Director of Resources. The report provided assurance on the adequacy of policies and practices surrounding Business Continuity arrangements.

Members considered the report and emphasised their desire that outsourced services be subject to the same business continuity arrangements as internally managed services.

**RESOLVED** – The Committee resolved to note the report for and receive an annual update with quantitative achievements from 2013.

## **98 Work Programme**

The Director of Resources 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.