

Corporate Governance and Audit Committee

Friday, 28th September, 2012

PRESENT: Councillor T Murray in the Chair
Councillors P Grahame, N Taggart,
J Elliott, T Hanley, C Fox, T Murray,
R Wood and E Taylor, N Walshaw (as
substitute for J Illingworth) and M Hamilton
(as substitute for J Bentley)

Apologies Councillors G Hussain, J Illingworth and
J Bentley

14 Appeals Against Refusal of Inspection of Documents

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

15 Exempt Information - Possible Exclusion of the Press and Public

There were no resolutions to exclude the public.

16 Late Items

There were no late items submitted to the agenda.

17 Declaration of Disclosable Pecuniary and Other Interests'

There were no declarations made.

18 Apologies

Apologies for absence were received from Councillor J Bentley, Councillor J Illingworth and Councillor G Hussain.

19 Minutes of the Previous Meeting

The minutes of the meeting held on 4th July 2012 were approved as a correct record.

20 Local Government Ombudsman's Annual Letter

The Chief Officer (Customer Services) presented his report. The report discussed the Local Government Ombudsman's Annual Letter, highlighted the

Council's performance with regards to Ombudsman cases received for the period April 2011 to March 2012, and provided a commentary on the handling of complaints within by the Council.

Also in attendance were a representative from the Local Government Ombudsman's Office and the Executive Officer (Client and Customer Relations).

The Ombudsman's representative reported that the Leeds officers co-operated fully with all Ombudsman investigations, and commented that the authority took lessons learned from such cases seriously. Changes being made to the Local Government Ombudsman's Office were highlighted, these include the creation of an Independent Housing Ombudsman which will take on issues relating to housing provided by the Council. It was also stressed to Members and officers that the Ombudsman's office was managing budget cuts and as such this would effect the services it provides.

Members sought confirmation from the Local Government Ombudsman's representative that ALMOs respond to requests in a similar way to the rest of Leeds City Council. The Ombudsman confirmed that the services provided by the ALMO were viewed corporately and that responses by the ALMOs were equally as good as those provided by Leeds City Council staff.

RESOLVED – The Committee resolved to note the contents of the report and its appendices.

21 Decision Making Framework; Annual Assurance Report

The Head of Governance Services presented a report of the Director of Resources. The report was the annual report to the Committee concerning the Council's Decision Making Arrangements, the report did not cover Planning matters as these have been the subject of a previous report to the Committee from the Chief Planning Officer, nor did it consider the arrangements for Licensing decisions taken by officers.

The report provided details of amendments made to the decision making framework at the Annual Council Meeting on 21st May 2012, steps taken to embed these changes, and additional changes to the Council's decision making arrangements arising from the Local Authorities (Executive Arrangements) (England) Regulations 2012.

This report also provided one of the sources of assurance for the Committee to take into account when considering the approval of the Annual Governance Statement. This being that overall, decision making systems are operating soundly and that there are no fundamental weaknesses.

Members welcomed the report and reported performance and in particular noted the significant number of staff that have received training in relation to the decision making framework.

RESOLVED – The Committee resolved to note the report and the positive assurances it provided.

22 Internal Audit Annual Report 2011/12

The Chief Officer (Audit and Risk) presented a report of the Director of Resources which brought to the Committee's attention the basis of the Internal Audit assurance for 2011/12. Internal Audit provided the opinion that the internal control environment, including key financial systems, is well established and continues to operate well in practice. In addition, there are no outstanding significant issues arising from the work of Internal Audit. It was also noted that no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

Members discussed the report in detail particular in relation to the corporate purchasing card review.

Members reviewed the list of reports issued during the course of the year that provide the evidence for the overall opinion. Questions were asked about reviews that concluded in limited assurance. The Chief Officer (Audit and Risk) responded to Members queries, confirmed the arrangements to follow up reviews resulting in limited assurance and undertook to provide more detail where appropriate.

Members raised the issue of the assets and organisations that have been transferred from the Council to be run independently, examples included academies and historic swimming pools. Members asked officers what responsibilities Leeds City Council had in terms of providing audit coverage for such organisations.

RESOLVED – The Committee resolved to:

- (a) note the Internal Audit Annual Report 2011/12 and the assurances provided; and
- (b) note the Internal audit Operational Plan for 2012/13.

23 Shared Service Partnership with Calderdale Metropolitan Borough Council to meet Adult Social Care Technology Requirements

The Chief Officer Resources and Strategy presented a report of the Director of Adults Social Services. The report provided The Committee with details of and assurance that the Calderdale Client Information System will be fit for

Leeds' purpose and that the acquisition of the system adheres to the procurement rules and regulations.

The Senior Project Manager for the scheme was also in attendance to help answer Member questions.

Members gave consideration to the report and commented on previous IT systems that had not been as successful as anticipated. Members also discussed with officers the reasons for working with an authority which, despite having a widely acknowledged good record for developing IT systems, is significantly smaller than Leeds City Council.

Members took assurance from officers that this system would work effectively for Leeds and that social services staff had trialled the system and had responded positively to it.

Members also sought clarification on the arrangements between Calderdale MBC and Leeds City Council for the future marketing of the product.

RESOLVED – The Committee resolved to:

(a) note the contents of the report and the assurances provided regarding:

- The diligence conducted to ensure the system will be fully fit for purpose; and
- The mechanisms and governance being put in place to effectively support the acquisition and implementation of the solution.

(b) Request a further report updating the Committee on the progress made with the acquisition of the system in six months time.

24 Report to Those Charged With Governance from KPMG

The Principal Finance Manager presented a report for the Director of Resources. The report presented both KPMG's report to those charged with governance for 2011/12 (ISA 260 report) and the final audited Statement of Accounts for approval. The ISA 260 report provided an unqualified audit opinion on the Council's accounts along with a conclusion that the Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resource. This report highlighted one significant adjustment to the accounts related to the transfer of a school to trust status.

In attendance were representatives from KPMG who took Members through their report. As part of the introduction to the report Members were assured by

the Partner in attendance from KPMG, that there would be a 40% reduction in the audit fee for 2012/13.

Members discussed the report in detail initially questioning KPMG representatives about the reduction in fee and the system employed for recording work undertaken at Leeds City Council.

Members sought clarification on the accounting practices for heritage assets specifically how such assets are valued and depreciated and the potential impact this has on insurance.

Members also questioned the auditors on potential changes to the Council's contingent liabilities. The Partner from KPMG confirmed that prior to signing off the accounts further discussions would be taking place to confirm that the position on key contingent liabilities remained unchanged.

The Partner from KPMG announced that his company had offered to work with the Council to help simplify the accounts of the Council while still complying with proper practice. The aim would be to make them more accessible to Members and the Public.

RESOLVED – The Committee resolved to:

- (a) receive the report of the Council's external auditors on the 2011/12 accounts and to note the amendments made to the Accounts;
- (b) approve the final audited 2011/12 Statement of Accounts and agreed 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) agree that the Chair sign the management representation letter on behalf of the Committee; and
- (d) note KPMG's VFM conclusion that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

25 Annual Governance Statement

The Head of Governance Services presented a report of the Director of Resources seeking approval to the Annual Governance Statement.

RESOLVED – The Committee resolved to:

- (a) approve the Annual Governance Statement; and
- (b) recommend that the Leader of Council, the Chair of the Committee, the Chief Executive and the Director of Resources sign the document on behalf of the Council.

26 Work Programme

The Director of Resources submitted a report notifying Members of the work programme.

Members were informed that a development session would take place for one hour before the 9th November 2012 meeting.

The Committee reviewed its forthcoming work programme.

RESOLVED – The Committee resolved to:

- (a) note the work programme; and
- (b) note that a Member development session will take place for one hour before the meeting on 9th November 2012.