

Corporate Governance and Audit Committee

Monday, 28th November, 2022

PRESENT: Councillor P Wray in the Chair
Councillors G Almass, P Harrand,
J Illingworth, J Shemilt, P Truswell,
R Downes, M Midgley, B Flynn and
J Dowson

**INDEPENDENT
MEMBER:**

INDEPENDENT MEMBER

Linda Wild

43 Appeals Against Refusal of Inspection of Documents

There were no appeals against refusal of inspection of documents.

44 Exempt Information - Possible Exclusion of the Press and Public

There were no exempt items.

45 Late Items

There were no late items.

46 Declaration of Interests

No declarations of interests were made at the meeting.

47 Apologies for absence

There were no apologies for absence.

48 Minutes - 3rd October 2022

RESOLVED – That the minutes of the meeting held on 3rd October 2022, be approved as a correct record.

49 Matters arising

Minute 36 Internal Audit Report June -August 2022

The Committee noted that a briefing note in relation to Covid Grant Claims had been circulated to all Members.

Minute 37 Internal Audit Annual Report and Opinion 2021/22

Members noted a briefing note had been circulated in relation to Procurement – Supply and Relief.

Cllr Illingworth suggested that it would be interesting to have a demonstration on the cash tracing facility noted in Minute 36. Officers to check on the possibility.

50 Annual Report - Financial Planning and Management Arrangements

The annual report of the Chief Officer Financial Services set out the standing arrangements for financial management and treasury management within the Council and provided evidence of compliance over the reporting period from November 2021 to October 2022.

In attendance for this item were:

- Richard Ellis – Deputy Chief Officer Financial Services
- Mary Hasnip – Chief Finance Officer

The report fulfilled the requirement in the Chief Finance Officer's protocol, (Section 5k of the Council's constitution), that the Chief Finance Officer will report to the Corporate Governance and Audit Committee annually to confirm that the arrangements set out in the protocol had been complied with and set out proposals for amendments in the light of any issues that had arisen during the year.

Members were informed that this report also incorporated the Treasury Management arrangements. Members noted that the Financial and Treasury arrangements were up to date and fit for purpose. Improvements had been identified and a training package had been developed for staff awareness in treasury arrangements to ensure that officers had the appropriate skills and knowledge for their roles.

The Committee were advised that the Council had compliance with IR35.

In response to questions from Members the Committee were provided with the following information:

- In relation to Paragraph 26 of the submitted report Members were advised that the exception referred to had been due to a change in the investee's credit rating on the day that the investment agreement was concluded, which should have led to a lower investment being made. Officers responsible for agreeing investments had been reminded to make a final check of credit ratings before finalising investments. Members were assured that the investment had been repaid in full on the due date.
- Members were advised that there was a robust system to track budget holders; that it is incumbent on directorates to ensure that budget holders are identified; and that monitoring takes place through a cycle of meetings held with directorates to discuss levels of control.
- It was acknowledged that Financial Health Reports are taken to the Executive Board monthly and that those reports subsequently to the Scrutiny Board remit.
- In relation to IR35 Members requested further information in relation to the number of contractors redesignated in response to IR35.

- In relation to the CIVICA Housing system it was recognised that this was a new system and there had been some issues in making sure that the system is working in the way it had been intended, and that IDS have identified this as a priority. Members requested a detailed report on the system be included on the Committee's work programme.
- In relation to the MRP there were no issues that officers were aware of, and this had been checked by the external auditors as part of the Annual Audit. Grant Thornton Auditors had checked MRP as part of their annual audit and were aware of changes the Council had made to how it uses Capital Receipts. Members were advised that this area would remain a focus for external audit this year.
- In relation to Treasury Management, members were assured that the Council was compliant with existing Codes and was working towards compliance with the new Codes by 2023/24 as required. The new codes of practice were more specific on the training required for both officers and Members. It was noted that checks were being made to the training provision and it would be provided before the beginning of the 2023/24 year.

RESOLVED - To note the Chief Officer (Financial Services) assurances that:

- a. In respect of both Financial Management and Treasury Management that appropriate systems and procedures are in place to ensure that there is sound financial management and control across the authority.
- b. The arrangements set out in the Chief Finance Officer protocol have been complied with.

51 Counter Fraud and Corruption Update Report

The report of the Head of Audit provided a source of assurance that the internal control environment is operating as intended through a summary of the counter fraud activity for the period from April to September 2022.

In attendance for this item were:

- Louise Booth – Head of Audit
- Louise Ivens – Principal Audit Manager

Members were informed of the following points:

- This was a bi-annual report and covered the period of April to September.
- Page 58 of the agenda pack highlighted the methods used to contact the Counter-Fraud Team for both staff and the members of the public which included the provision of a dedicated inbox, telephone line, post and a 'do it online' form for members of staff. The table on page 58 showed the referrals received, by directorate, by the type of concern raised between April and September 2022. The pie chart on page 59 demonstrated the referral method. The referrals received through the 'other routes' related to those shared by external agencies such as National Anti-Fraud Network or other Council services seeking advice or assistance.

- Members noted that as at the 1st October 2022, 21 referrals were being investigated. It was also noted that 23 referrals had been closed in the reporting period.
- Pages 61-65 provided information on investigations relating to Housing Leeds and Insurance Services.
- Members noted the proactive anti-fraud work especially in relation to council tax support.
- Members were advised that as part of counter fraud arrangements, regular communications are sent to staff of current fraud risks and signposting of where to report any concerns. There had been promotion of the Fraud Awareness Training Package. In June a promotion was timed to coincide with World Whistleblower's Day with a further communication in September which had included a reminder to staff to be vigilant of bank mandate fraud.
- Members were advised of a review on the Anti-Money Laundering Policy, Procedure and Reporting Arrangements. A draft copy had been appended to the submitted report for Member's information.

In response to questions from Members the Committee were provided with the following information:

- In relation to a question on internal whistleblowing it was queried what these specific issues related to if this wasn't confidential information.
- In relation to the pie chart on page 58 Members queried the section marked 'others'. The Committee were informed that this section represented other outside bodies and other Council services seeking advice.
- In relation to a query surrounding those marked as external on the pie chart, it was confirmed that these related to members of the public and would be highlighted as such in the next report.
- Members were advised that liaison meetings were held with directorates and services to share best practice and consider any risks.

The Committee requested comparison data in relation to Housing Leeds tenanted properties and other fraud work with the core cities and neighbouring authorities for the next report.

RESOLVED – To:

- a) Receive the Counter Fraud Update Report covering the period from April to September 2022 (Appendix A) and note the work undertaken by Internal Audit and other service areas during the period covered by the report; and
- b) Endorse the Anti Money Laundering Policy and the Anti Money Laundering Policy on a Page (Appendix B) and that any subsequent minor changes are approved by the Chief Officer Financial Services.
- c) Receive comparative data from core cities and neighbouring authorities in the next report.

52 Annual Report on Corporate Performance Management Arrangements

The annual report of the Director of Resources presented assurances to the Corporate Governance & Audit Committee on the effectiveness of the council's corporate performance management arrangements. It provided Members with the opportunity to review the council's corporate performance management arrangements, using the cycle of internal control framework, to enable them to determine whether these arrangements are up to date; fit for purpose; effectively communicated and routinely complied with.

In attendance for this item were:

- Marianna Pexton – Chief Officer Strategy and Policy
- Tim Rollett – Intelligence and Policy Manager

It was acknowledged that 2022/23 is a transitional year for the performance arrangements. At the start of the year the strategic ambitions of the council were set out in the Best Council Plan which provided the framework for the council's performance management arrangements. The Plan was superseded by the Best City Ambition, adopted by Full Council in February 2022, which set out the outcomes for the city. As well as including an updated performance framework, the Ambition incorporates a set of Key Performance Indicators (KPIs) to help measure progress over time against the outcomes and priorities, this had been done in consultation with Scrutiny Boards. It was noted that KPI's related to finance, workforce and some more specific such as killed or seriously injured on roads.

The reporting mechanism for the KPI's would through Corporate Leadership Team and a corporate report to Executive Board. It was noted that the team would be continually reviewing the KPI's, and it was recognised that there was more work to be done as the KPI's become embedded.

Responding to questions from the Committee the following information was provided:

- It was noted that the team had received comments on the new KPI's from Scrutiny Boards which would enable benchmarking against other core cities and neighbouring authorities which would feed back to Scrutiny Boards in performance reporting.
- Arrangements to enable service learning from contact centre engagement are well embedded, new arrangements have better systematised arrangements to ensure strategic oversight and learning within performance monitoring. Future reports will set out these arrangements. Members asked that future reports identify gaps in those arrangements and action to be taken to address these.
- Members questioned whether the council's engagement approach is reactive, based on information received through complaints and customer contact, rather than proactive engagement. Members recognised that individual services undertake surveys in relation to budget and travel etc. but were of the view that more could be done to improve services and become proactive instead of reactive.
- Members asked what work was undertaken to ensure that engagement was consistent and systematic across the council and its directorates to enable a big picture view. It was noted that there is a very small

corporate team to provide advice and guidance, but the range of services delivered means that there are a variety of approaches.

It was acknowledged that the central team does not have budget and resources to undertake all surveys across the council, but that officers would look at oversight arrangements in more detail, and that the committee would have oversight of this work.

RESOLVED – To:

- a) Receive this report and the attached Appendix 1 as together providing key forms of assurance on the robustness of the authority's corporate performance management arrangements.
- b) Be added to the work programme to be reported quarterly with supporting governance arrangements and processes in place.

53 Annual Assurance on Corporate Risk and Resilience Arrangements

The Director of Resources presented a report which provided the Corporate Governance & Audit Committee with assurances relating to the adequacy of the risk and resilience controls currently in place in the council; that they are up to date, fit for purpose, embedded and routinely applied.

In attendance for this item were:

- Marianna Pexton – Chief Officer Strategy and Policy
- Tim Rollet – Intelligence and Policy Manager
- Leanne Cummings - Resilience & Emergencies Team Manager

Members were informed of the following points:

- The term 'Risk and Resilience' covers the three inter-related areas of Risk Management, Emergency Planning and Business Continuity Management.
- In Risk and Resilience there have been a number of significant changes and the teams have been working jointly. A single joint report is produced quarterly and disseminated to management teams. The report covers a wide range of aspects and arrangements are constantly evolving.
- Appendix 1 sets out emergency planning, the teams-based system, frequency of reporting and the robust training schedule.
- The teams are currently working on a joint Emergency Planning and Business Continuity policy and strategy

In response to questions from Members the Committee were provided with the following information:

- In relation to the communication arrangements in place in respect of large incidents, for example terrorist incidents, assurance was given that exercises have taken place, including no notice call outs, and internal arrangements are tested, to ensure that arrangements are efficient and effective. The Chief Officer Strategy and Policy and gave assurance that arrangements are in place and do kick in when necessary.

- In the event of an incident, it would be reported to the emergency planning officer on call 24/7 who has a direct link to the Director on call. If the incident was major the Chief Officer Strategy and Policy or Chief Executive would be included, and the incident would be led by the relevant organisation, for example the police would lead on a terrorist incident.
- The national risk register, and regional model allow constant review and testing of arrangements to ensure that arrangements will be effective in the event of an incident.
- Services are expected to test their business continuity arrangements at local level to ensure that they address risks and ensure resilience within each service.
- It was noted that there was training in place for Councillors, and to be included in induction programme as fundamental to a Councillor's role. It was suggested that the team contact the Whips to discuss development training for all Councillors not just new Councillors. It was recognised that Councillors need to be aware of how to react to incidents and who to contact.
- In relation to a question on radiation monitors it was noted that the Council had none. However, the Council does have warning and informing information available for the public to create a household emergency plan considered matters such as where to obtain a supply of clean water and how to heat tinned food if the need arises.
- Members questioned arrangements in respect of second line checks in relation to potential for power outages. West Yorkshire Resilience Forum have identified power outages to prepare a regional power outage plan based on government guidance which will be used to inform the production of a local plan. Services are being asked to consider arrangements in the event of a power outage to address this type of risk.
- Guidance for incidents is rolled down from Central Government to the West Yorkshire Resilience Forum to the authority. 84 critical services have been identified. It was noted that feedback on the continuity plans had been positive so far.
- Members noted the risk arising from budget challenge and potential for exposure to increased claims arising because of lack of resource, and therefore claim reserves. It was suggested that a briefing note be provided for Members.

RESOLVED - To receive the annual report on the council's risk and resilience arrangements and note the assurances in support of their next Annual Governance Statement.

54 Corporate Governance and Audit Committee Work Programme 2022-23

The report of the Chief Officer, Financial Services presented the work programme for the Corporate Governance and Audit Committee, setting out future business for the Committee's agenda, together with details of when items will be presented.

The Lead Officer for the Corporate Governance and Audit Committee informed the Committee of the following:

- The Report from IDS had been deferred from this meeting to the meeting in February
- It had been decided to remove the Customer Contact Satisfaction Report as it was the view that it was better contained within the Performance Report and dealt with at Scrutiny Board.

Members were requested to consider and approve the work programme and meeting dates at Appendix A of the submitted report.

RESOLVED – To note the content of the report and approve the work programme and the meeting dates in Appendix A.

55 Date and time of next meeting

To note the next meeting of the Corporate Governance and Audit Committee is scheduled for Monday 6th February 2023 at 10:00am.

The meeting concluded at 11:23