



## CORPORATE GOVERNANCE AND AUDIT COMMITTEE

---

Meeting to be held in Civic Hall, Leeds, LS1 1UR on  
Monday, 29th July, 2024  
at 10.30 am

---

### MEMBERSHIP

#### Councillors

J Dowson	C Hart-Brooke	M Robinson	R Chesterfield
M France-Mir (Chair)			
J Garvani			
I Wilson			
K Bruce			

#### Independent Member

L Wild

We strive to ensure our public committee meetings are inclusive and accessible for all. If you are intending to observe a public meeting in-person, please advise us in advance by email ([FacilitiesManagement@leeds.gov.uk](mailto:FacilitiesManagement@leeds.gov.uk)) of any specific access requirements, or if you have a Personal Emergency Evacuation Plan (PEEP) that we need to take into account. Please state the name, date and start time of the committee meeting you will be observing and include your full name and contact details.

Note to observers of the meeting. To remotely observe this meeting, please click on the 'View the Meeting Recording' link which will feature on the meeting's webpage (link below) ahead of the meeting. The webcast will become available at the commencement of the meeting:

[Council and democracy \(leeds.gov.uk\)](https://www.leeds.gov.uk/council-and-democracy)

---

**Agenda compiled by:  
Governance Services  
Civic Hall**

Debbie Oldham

# A G E N D A

Item No	Ward	Item Not Open		Page No
1			<p><b>APPEALS AGAINST REFUSAL OF INSPECTION OF DOCUMENTS</b></p> <p>To consider any appeals in accordance with Procedure Rule 15.2 of the Access to Information Procedure Rules (in the event of an Appeal the press and public will be excluded).</p> <p>(*In accordance with Procedure Rule 15.2, written notice of an appeal must be received by the Head of Governance Services at least 24 hours before the meeting)</p>	
2			<p><b>EXEMPT INFORMATION - POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC</b></p> <p>1 To highlight reports or appendices which officers have identified as containing exempt information, and where officers consider that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons outlined in the report.</p> <p>2 To consider whether or not to accept the officers recommendation in respect of the above information.</p> <p>3 If so, to formally pass the following resolution:-</p> <p><b>RESOLVED</b> – That the press and public be excluded from the meeting during consideration of the following parts of the agenda designated as containing exempt information on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information, as follows:-</p>	

Item No	Ward	Item Not Open		Page No
3			<p><b>LATE ITEMS</b></p> <p>To identify items which have been admitted to the agenda by the Chair for consideration</p> <p>(The special circumstances shall be specified in the minutes)</p>	
4			<p><b>DECLARATION OF INTERESTS</b></p> <p>To disclose or draw attention to any interests in accordance with Leeds City Council's 'Councillor Code of Conduct'.</p>	
5			<p><b>APOLOGIES FOR ABSENCE</b></p>	
6			<p><b>MINUTES OF THE PREVIOUS MEETING</b></p> <p>To receive the minutes of the previous meeting held on 24<sup>th</sup> June 2024, for approval as a correct record.</p>	7 - 16
7			<p><b>MATTERS ARISING FROM THE MINUTES</b></p>	
8			<p><b>INTERNAL AUDIT ANNUAL REPORT AND OPINION 2022/23</b></p> <p>This report sets out the annual opinion of the Head of Audit and provides a source of assurance that the internal control environment is operating as intended through a summary of the Internal Audit activity for the 2023/24 Internal Audit Plan.</p>	17 - 58
9			<p><b>DRAFT STATEMENT OF ACCOUNTS FOR 2023/24</b></p> <p>The report of the Chief Finance Officer presents the Draft Statement of Accounts for 2023/24 to the Committee for information.</p>	59 - 64

Item No	Ward	Item Not Open		Page No
10			<p><b>GRANT THORNTON AUDIT RISK ASSESSMENT ENQUIRIES 2023/24</b></p> <p>The report of the Chief Finance Officer presents a series of enquiries from Grant Thornton which will inform their audit risk assessment for the 2023/24 audit. The enquiries cover accounting issues, arrangements to address the risk of fraud, and legal issues.</p>	65 - 110
11			<p><b>INTERIM ANNUAL GOVERNANCE STATEMENT</b></p> <p>This report supports the fulfilment of the Council's statutory duty to produce an annual governance statement.</p>	111 - 142
12			<p><b>DECISION MAKING STATEMENT OF INTERNAL CONTROL</b></p> <p>This is the annual report providing assurance to the Committee, that the Council's decision-making arrangements are up to date, fit for purpose, effectively communicated and routinely complied with.</p>	143 - 180
13			<p><b>GOVERNANCE ARRANGEMENTS TO SUPPORT DELIVERY OF THE CORE BUSINESS TRANSFORMATION PROGRAMME</b></p> <p>This report provides assurance to the Corporate Governance and Audit Committee that the governance arrangements established for the Core Business Transformation (CBT) programme are up to date, fit for purpose, operating effectively, and are complied with.</p>	181 - 202
14			<p><b>CORPORATE GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME AND MEMBERS DEVELOPMENT PLAN 2024-25</b></p> <p>The report of the Director of Strategy and Resources presents the work programme for the Corporate Governance and Audit Committee for the 2024-25 municipal year, setting out future business for the Committee's agenda, together with details of when items will be presented. The report also includes the Member Development Plan for 2024-25.</p>	203 - 218

Item No	Ward	Item Not Open		Page No
15			<p><b>DATE AND TIME OF NEXT MEETING</b></p> <p>To note the next meeting is on Monday 23<sup>rd</sup> September 2024, at 10.30am.</p>	

### Third Party Recording

Recording of this meeting is allowed to enable those not present to see or hear the proceedings either as they take place (or later) and to enable the reporting of those proceedings. A copy of the recording protocol is available from the contacts named on the front of this agenda.

### Use of Recordings by Third Parties– code of practice

- a) Any published recording should be accompanied by a statement of when and where the recording was made, the context of the discussion that took place, and a clear identification of the main speakers and their role or title.
- b) Those making recordings must not edit the recording in a way that could lead to misinterpretation or misrepresentation of the proceedings or comments made by attendees. In particular there should be no internal editing of published extracts; recordings may start at any point and end at any point but the material between those points must be complete.

This page is intentionally left blank

## Corporate Governance and Audit Committee

Monday, 24th June, 2024

**PRESENT:** Councillor M France-Mir in the Chair  
Councillors C Hart-Brooke, K Bruce,  
R Chesterfield, J Garvani and S Seary

**INDEPENDENT MEMBER:** L Wild

### 1 Appeals Against Refusal of Inspection of Documents

There were no appeals against refusal of inspection of documents.

### 2 Exempt Information - Possible Exclusion of the Press and Public

There were no exempt items.

### 3 Late Items

There were no late items.

### 4 Declaration of Interests

There were no declarations of interests made at the meeting.

### 5 Apologies for Absence

Apologies for absence were received on behalf of Cllrs Dowson and Robinson.

### 6 Minutes of the Previous Meeting - 18th March 2024

**RESOLVED** – That the minutes of the previous meeting held on 18<sup>th</sup> March 2024, be approved as a correct record.

### 7 Matters Arising From The Minutes

In relation to Minute 79 – Internal Audit Annual Plan 2024-25

- Members had requested that the risk-based planning matrix and the potential to view the risk universe be shared with Members. This had been shared with Members on 21<sup>st</sup> June as requested.

In relation to Minute 80 – Annual assurance report in relation to employment policies and employee conduct

- Information had been requested in relation to the RAG rating and rolling programme of the review of HR policies and procedures. It was confirmed by the Head of HR that this would be reported to the relevant Scrutiny Board at a future meeting this year.
- Information regarding benchmarking against the employee responses to the employment survey. This is currently being looked at by HR colleagues as there are certain permissions required to share the information. Once approved this information will be shared with Members.

## **8 Internal Audit Update Report January to March 2024**

The report of the Chief Officer Financial Services provided a source of assurance that the internal control environment was operating as intended through a summary of the Internal Audit & Counter Fraud activity for the period from January to March 2024. The report also highlighted the incidence of any significant control failings or weaknesses.

The Head of Finance – Internal Audit and the Senior Head of Audit, Corporate Governance and Insurance presented the report and highlighted the following points:

- The report covered the period 1<sup>st</sup> January 2024 to 31<sup>st</sup> March 2024. It was noted that this would be the last time the report would be presented in this format, as they would be reporting against the new planning methodology which was introduced in March.
- Section 3 of the report detailed the amendments that had been made to the 2023-24 plan which was approved in March 2023. The key changes were that officers had started to attend the SEND and Inclusion Programme Steering Group, whose remit includes overseeing the implementation of the recommendations from the PWC review of the education, health, and care plans. The team had also looked to undertake a review of the bank reconciliation process, but after discussions with the Chief Officer of Financial Services the scope of the review had been extended to include all reconciliations undertaken by the Exchequer Services. It was noted that this had been made a priority for the 2024-25 Plan.
- Section 4 summarised the work done in the period; it included reviews where an audit opinion had been given as well as other assurance work that had been done.
- It was noted that under the Public Sector Internal Audit Standards, that there was no requirement to provide an assurance opinion on a piece of work. However, they are required to provide a conclusion and feedback the findings.
- Section 5 provided the information on recommendation tracking. It was noted that there was an error in the table. It should have read 'total open recommendations as at the 31<sup>st</sup> March 2024' not 2023. Members were informed that during the period 19 recommendations had been closed, 13 recommendations had been raised, 64.5% of the



recommendations were not due yet. Members were advised that there were 9 recommendations where the target dates had been missed for more than 3 months. However, management in those services had confirmed that the recommendations were being progressed. It was noted that 5 of those 9 recommendations were part of follow up reviews being undertaken by the service. The team had looked at the root cause why implementation had missed the target dates and in all cases this was due to the limitation in available resources to fully complete the associated action.

- Appendix B was the Quality and Performance Report for Internal Audit, and it was noted that there had only been a small number of customer satisfaction questionnaires back. However, all had provided positive feedback. The Service was going to look at how they could get wider and more regular feedback and the outcome of this would be brought to the September meeting.
- Section 3 summarised the Quality Assurance and Improvement Plan. It was noted that the only action not implemented was the new Global Internal Audit Standards, as they were still awaiting guidance from CIPFA on how it will be translated into the public sector internal audit standards. Members were advised that the team had scheduled a session to undertake a SWOT analysis, as a starting point to see what work might be required.
- Section 4 provided information in relation to performance against planned assignments. It was noted that the service had done enough work in 2023-24 to enable them to provide their annual opinion.
- Appendix C was the Counter Fraud Update from the period January to March. Section 2 provided the number of referrals received which noted 8 new referrals against 36 received in year. It was recognised that there had been a drop in the numbers, and this could be due to housing tenancy referrals being report elsewhere, and that the service was working smarter to channel the work to the most appropriate areas, for work to be undertaken.
- Section 5 provided information in relation to the survey of internal control. The service had provided a lot of engagement with other services to raise awareness about the whistleblowing channels and communication had gone out to services about whistleblowing. The Anti-Bribery Policy had been refreshed and published.
- Appendix D provided information in relation to decision making and any urgent decisions that had been made in the reporting period. It was clarified that the information relates to 1<sup>st</sup> January – 31<sup>st</sup> March 2024.

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

- Members were advised there were no limited opinions in this reporting period and there was information in relation to the progress being made in the recommendation tracker. It was noted that the service generally allows 6 months for the implementation of recommendations before they do a follow-up review.
- Members were informed that the service will look to report on the outcomes and assurances in relation to the other audit work that they

undertake, and this will be addressed in the next updates to the Committee.

- The Committee was advised that at the start of the year a number of productive days are ring-fenced for external clients.

**RESOLVED – To:**

a) Receive the Internal Audit Update Report covering the period from January to March 2024 and note the work undertaken across the section (including Counter Fraud activities and assurances) during the period covered by the report.

b) Note that there have been no limitations in scope, and nothing has arisen to compromise the independence of Internal Audit during the reporting period.

c) Receive the report providing information relating to the Monitoring of Urgent Decisions covering the period January to March 2024.

## **9 Internal Control Framework and Assurance Map 2023-24**

The report of the Chief Officer Financial Services set out a map of the assurance available as to the effectiveness of the council's arrangements for internal control which the committee can consider when presented with the Annual Governance Statement 2024 for approval.

The Corporate Governance Manager presented the report and provided the following points:

- It was noted that the Internal Control Framework and Assurance Map for 2023-24 was in line with regulations 3 and 6 of the Audit and Accounts Regulations which says that the Council is required to conduct an annual review of the effectiveness of the system for internal control in preparation of the Annual Governance Statement, which will be presented in interim form at the next Committee meeting.
- The Framework and Assurance Map showed the outcomes of the annual review, with the Framework following the seven principles as set out in the Council's Code of Corporate Governance. This shows what the service believe they do, and the Assurance Map provides evidence to support what they do, do. All the evidence was hyperlinked to allow Members access to all the documents which sit behind the Framework.
- This follows the 3 lines of assurance which are:
  - Operational – assurance from managers that are responsible for day-to-day activity.
  - Specialist's assurance – such as Legal, Information Governance and Risk
  - Independent Assurance from Internal Audit, Grant Thornton, the external auditors and includes Ofsted and other external inspections.

Responding to a question from the Committee, Members noted that it was not intentional to omit the work of the Internal Audit from the report and that the decision had been taken to avoid duplicating information already provided

elsewhere. However, when the Committee receive the Annual Governance Statement at the Committee's next meeting it would be clear that the Internal Audit opinion feeds through directly to the document as does the external audit opinion. It was recognised that a footnote could have been included.

The Chair and the Director of Strategy and Resources thanked all those who had worked on the document.

**RESOLVED** - To consider and note the contents of the Internal Control Framework and Assurance Map 2023-24 attached at Appendix A of this report.

## **10 Grant Thornton Audit Risk Assessment Enquiries 2022/23**

The Head of Finance presented the report of the Chief Finance Officer, which set out a series of enquiries from Grant Thornton which will inform their audit risk assessment for the 2022/23 audit. The enquiries cover accounting issues, arrangements to address the risk of fraud, and legal issues. Grant Thornton requested that the responses to their enquiries were drafted by officers and formally considered by Members at a meeting of the Committee.

The following points were highlighted for Committee Members:

- The audit of the 2021-22 accounts had completed in March 2024.
- Grant Thornton, the external auditors were now working on the 2022-23 audit accounts, which should be completed by the end of September. It was noted that from recent figures only 54% of 2022-23 accounts had been signed off nationwide.
- Prior to the 2022-23 accounts being brought to the Committee, there would be a briefing session for Members in mid-September.
- The questions asked by Grant Thornton were a mix of technical and general questions which had been answered by officers from across the Council. Grant Thornton had requested that the responses be brought to the Committee to ensure that Members were satisfied with the answers provided.

Sarah Ironmonger and Perminder Sethi from Grant Thornton attended the meeting and explained that these were standard questions put to Council's for the auditing of accounts, so that the auditors can understand any issues from the services.

It was acknowledged that there had been a national issue in getting councils' accounts signed off, and therefore there had been a government proposal for a backstop date of the 30<sup>th</sup> September 2024 for the 2022/23 accounts, but it was now uncertain whether this would be implemented. However, Grant Thornton were working towards the accounts for 2022-23 to be signed off in September.

The Committee recognised that these responses were similar to previous years and that there had been no material changes to policies.

**RESOLVED** - To consider the responses proposed by officers to Grant Thornton's enquiries, and to confirm whether these are consistent with Members' understanding of the Council's arrangements in these areas.

## **11 Grant Thornton Audit Plan 2022/23**

The report of the Chief Finance Officer was presented by the Deputy Chief Officer Financial Services. The report introduced Grant Thornton's Annual Audit Plan for their 2022/23 audit, covering the audit of the Council's accounts and the process for assessing its arrangements to secure value for money in the use of resources.

The Audit Plan was attached as Appendix 1 and outlined Grant Thornton's proposed audit approach, the timing of audit work, and the significant audit risks identified to date.

The Committee were provided with the following points from the external auditors:

- It was noted that this is a risk-based plan, to try and understand the risks and issues that the Council is facing including increasing cost pressures as well as the dedicated schools grant and likely deficit that might result going forward into future years.
- Members attention was drawn to page 150 of the agenda pack which summarised the headlines in the plan, with a key significant risk identified in relation to the management override of controls which is a risk that all auditors must consider.
- Two other significant risks identified were:
  - The valuation of land and buildings, which included council dwellings.
  - The net pension fund balance.
- Planning materiality for the 2022-23 audit is £28.4m. It was recognised that this was slightly higher than the prior year but picked up on the fact that the gross expenditure had moved from when the prior audit of accounts.
- The threshold for trivial issues was set at £1.4m. If Grant Thornton identify any errors above that value, they would be reported to the Committee as part of their findings.
- The external auditors in terms of work issue an opinion on the financial statements but they also undertake work on value for money arrangements. It was noted that the value for money arrangements had been report to the Committee in November 2023, but this will be kept open to make sure there are no other issues arising.
- The Committee were advised that the work was on track to complete on the 2022-23 accounts by the end of September.

The Committee had no questions.

**RESOLVED** - To receive the Annual Audit Plan presented by Grant Thornton and to note and agree the nature and scope of the proposed audit work.

## **12 Annual Report of Corporate Governance and Audit Committee**

The Principal Corporate Governance Manager presented the report of the Chief Officer Financial Services which set out the draft annual report of the Corporate Governance and Audit Committee for the 2023/24 municipal year. This report will be put before full Council.

Members were informed of the following points:

- The report will provide the Council with assurance that the Corporate Governance and Audit Committee has discharged its duty in ensuring that the Committee complies with CIPFA's Position Statement: Audit Committees in Local Authorities and Policy.
- It was noted that it was thought appropriate to bring the report to the first meeting of the municipal year, so that the full years work can be included. Although, the membership of the Committee may have changed from the previous year, there are enough Members from the previous year to remember all the work that had been undertaken by the Committee.
- The report also advised Members that CIPFA Guidance had changed. The Committee were previously working with the 2018 Guidance, it was updated in 2022. It was noted that the 2022 Guidance supported by the Department for Levelling Up, Housing and Communities and the Home Office recommends that each authority's audit committee should include at least two independent members to provide appropriate technical expertise. Members were invited to consider this proposal and request officers to look into this, with a report back to the Committee in September. This would bring it in line with the reappointment of the existing independent member, should Members wish to reappoint.

There were no questions from the Committee.

**RESOLVED** – To:

- a) Note the assurance set out in this report that the Committee complies with CIPFA's Position Statement: Audit Committees in Local Authorities and Police;
- b) Approve the draft annual report at Appendix A to this report and authorise the chair of the committee to sign and present to council on their behalf;
- c) Propose that Linda Wild be reappointed by full council, for a second four-year term as co-opted independent member of Corporate Governance and Audit Committee; and
- d) Request officers to provide a further assessment of the role of independent co-optees on Local Government Audit Committees and to develop proposals in respect of the recruitment of a second independent member of the committee.

## **13 Corporate Governance and Audit Committee Work Programme and Members Development Plan 2024-25**

Draft minutes to be approved at the meeting  
to be held on Monday, 29th July, 2024

The report of the Director of Strategy and Resources presented the work programme for the Corporate Governance and Audit Committee for the 2024-25 municipal year, setting out future business for the Committee's agenda, together with details of when items will be presented.

The report also included the Member Development Plan for 2024-25 to provide all Members with core areas of knowledge in line with the guidance as detailed in the Chartered Institute of Public Finance and Accountancy (CIPFA) Audit Committee – Practical Guidance for Local Authorities and Police 2022.

Members were invited to raise any issues that they would like to be considered by the Committee, to be brought to the meetings for consideration to be added to the work programme. They were also invited to request any areas for training and development to extend their knowledge of the work area.

Members were advised of a session given by the Chief Officer of Human Resources for managers in the Council. It was in relation to how the Council seeks to achieve the City's Ambitions and the Council's Ambitions and how this can be achieved by the organisation through the systems and processes in place in Human Resources. It was the proposal that this would be added to the Development Plan for Members and would be provided prior to receiving the report from Human Resources later in the year.

In response to a question from a member in relation to the major achievements and challenges faced over the past year and how it would shape this coming year. The Committee were provided with the following:

- The challenges with external audit and the situation in the industry to deliver audits on time. Now a plan and a timetable are in place to hopefully address the issues and to bring the audits back on track.
- The restructuring of Internal Audit had meant that many officers were new in post, and this had presented a challenge as an operating environment over the course of the year. However, officers had responded well to their new roles and responsibilities.
- Due to the restructuring of Internal Audit, given the limited resources, the Internal Audit Plan has been monitored and has had to change throughout the year. This has created a need to reprioritise and reprofile areas of work to ensure that the most meaningful work is brought to the Committee for consideration.
- It was recognised that the Council was facing challenges in relation to resource and financial issues.

The Committee Member thanked all the officers for the work that had been achieved over the past year, given the challenges that had been faced.

**RESOLVED – To:**

a) Consider and note the contents of the work programme and meeting dates at Appendix A, and;

b) Note the content of the Member development plan at Appendix B and progress against the plan throughout the year

**14 Date and Time of Next Meeting**

**RESOLVED** – To note the next meeting was scheduled for Monday 29<sup>th</sup> July 2024 at 10.30am.

*The meeting concluded at 11:20*

This page is intentionally left blank



## Internal Audit Annual Report and Opinion 2023/24

Date: 29<sup>th</sup> July 2024

Report of: Senior Head of Internal Audit, Corporate Governance & Insurance

Report to: Corporate Governance and Audit Committee

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

### Brief summary

This report sets out the annual opinion of the Chief Audit Executive and provides a source of assurance that the internal control environment is operating as intended through a summary of the Internal Audit activity for the 2023/24 Internal Audit plan. The report highlights the incidence of any significant control failings or weaknesses.

The work of Internal Audit contributes to Leeds City Council achieving its key priorities by helping to promote a secure and robust internal control environment, which provides a solid footing for delivering the aims of the Best City Ambition.

### Recommendations

The Corporate Governance and Audit Committee is asked to receive the Internal Audit Annual Report and Opinion for 2023/24 and note the opinion given. In particular:

- a) That, based on the audit work undertaken for the 2023/24 Internal Audit plan, the internal control environment (including the key financial systems, risk, and governance) is well established and operating effectively in practice.
- b) A satisfactory overall opinion is provided for 2023/24, based on the audit work detailed within this report.
- c) That the work undertaken to support the opinion has been conducted in accordance with an established methodology that promotes quality and conformance with the International Standards for the Professional Practice of Internal Auditing (IPPF).

The Committee is also asked to note that there have been no limitations in scope, and nothing has arisen to compromise the independence of Internal Audit during the reporting period.

## What is this report about?

- 1 The purpose of this report is to bring to the attention of the Committee, the annual Internal Audit opinion and basis of the Internal Audit assurance for 2023/24.
- 2 The Corporate Governance and Audit Committee has responsibility for reviewing the adequacy of the Council's corporate governance arrangements (including matters such as internal control and risk management) and to consider the Annual Internal Audit Report.
- 3 The Public Sector Internal Audit Standards (PSIAS) require the Chief Audit Executive to deliver an annual Internal Audit opinion and report that can be used by the Council to inform its governance statement. For the purpose of this report, the role of the Chief Audit Executive is occupied by the Senior Head of Audit, Corporate Governance, and Insurance.
- 4 The report considers the opinion provided by the Chief Audit Executive based on the work undertaken and completed for 2023/24 regarding the adequacy and effectiveness of the Authority's framework of governance, risk management and control. The work undertaken to support this opinion has been conducted in accordance with an established methodology that promotes quality and conformance with the International Standards for the Professional Practice of Internal Auditing.

## What impact will this proposal have?

- 5 The work of Internal Audit contributes towards Leeds City Council achieving its key priorities by helping to promote a secure and robust internal control environment, which provides a solid footing for delivering the aims of the Best City Ambition.
- 6 The annual Internal Audit opinion is used by the Council to inform its governance statement.

## How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 7 The work of Internal Audit provides assurances that span a range of themes including coverage across the Council's three key pillars.

## What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted?

Yes

No

- 8 The Internal Audit plan is developed annually in consultation with Members and senior management across the Authority. Consultation around key risks and priorities continues throughout the year, and continual engagement with directorates is driven through the ongoing completion of audit assignments and the agreement of the associated recommendations. Management is routinely engaged in providing feedback on the performance of Internal Audit, and this has been reflected in the annual report accordingly.

## What are the resource implications?

- 9 The work of Internal Audit evaluates the effective use of resources and provides assurance on the corresponding financial governance, risk management and internal control arrangements.

10 The Internal Audit Annual Report and Opinion provides the Committee with assurances around the effective use of the Internal Audit resources through information pertaining to the delivery and completion of the annual plan.

### **What are the key risks and how are they being managed?**

11 The Internal Audit plan has been subject to review throughout the financial year to ensure that audit resources are prioritised and directed towards the areas of highest risk. This process involves the review of information from a number of sources including the corporate and directorate risk registers.

12 The risks relating to the achievement of the Internal Audit plan are managed through ongoing monitoring of performance and resource levels. This information is reported to the Committee throughout the year and summarised within the annual report.

### **What are the legal implications?**

13 The Chief Officer (Financial Services), as the Council's Section 151 officer, is responsible under the Local Government Act 1972, for ensuring that there are arrangements in place for the proper administration of the Authority's financial affairs. The work of Internal Audit is an important source of information for the Chief Officer (Financial Services) in exercising her responsibility for financial administration.

### **Options, timescales and measuring success.**

#### **What other options were considered?**

14 The work of Internal Audit provides a key source of assurance to the Committee. Additional assurances are obtained through a range of further reports presented to the Committee throughout the year.

#### **How will success be measured?**

15 Success is measured through the delivery of the Internal Audit Annual Report and Opinion. Supporting performance measures are reported to the Committee, both within the annual report and throughout the year, and these are subject to continual review and development.

#### **What is the timetable and who will be responsible for implementation?**

16 The Internal Audit Plan for 2023/24 was approved by the Committee in March 2023. Whilst the Chief Audit Executive retains overall accountability for delivery of the annual opinion, the Head of Finance (Internal Audit) has been responsible for the day-to-day delivery of the plan.

### **Appendices**

17 Appendix A – Internal Audit Annual Report – Opinion and Basis of Assurance 2023-24  
Appendix B – Internal Audit Annual Report – Audit Resources and Quality Assurance and Improvement Programme (QAIP) 2023-24  
Appendix C – Internal Audit Annual Report – List of Work Completed 2023-24

### **Background papers**

18 None

This page is intentionally left blank



**Appendix A**

**Leeds City Council**

**Internal Audit Annual Report**

**Opinion and Basis of Assurance 2023-24**

**Corporate Governance and Audit Committee**

**29<sup>th</sup> July 2024**

## INTERNAL AUDIT ANNUAL REPORT AND OPINION 2023/24

### 1 The Annual Reporting Process

1.1 The Public Sector Internal Audit Standards (PSIAS) require the Chief Audit Executive (*for the purposes of this report this title will refer to the Senior Head of Audit, Corporate Governance and Insurance*) to deliver an Annual Internal Audit opinion and report that can be used by the organisation to inform its governance statement. The Annual Internal Audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control and must incorporate:

- the opinion
- a summary of work that supports the opinion
- a statement on conformance with the PSIAS and the results of the Quality Assurance and Improvement Programme

1.2 This report is the culmination of the work performed by Internal Audit to fulfil the 2023/24 Internal Audit Plan objectives and provides the Chief Audit Executive opinion based on an objective assessment of the framework of governance, risk management and control. This includes an evaluation of the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems. As the audit function continues to modernise in its approach, the opinion is built up through a range of judgements and sources as represented in the table below:



## 2 Organisational Independence

- 2.1 The PSIAS require the Chief Audit Executive to confirm to the Corporate Governance and Audit Committee at least annually, the organisational independence of the Internal Audit activity. The Internal Audit Charter and the Council's Financial Regulations reinforce this requirement.
- 2.2 The Internal Audit Charter has been updated during the year to outline the safeguards to independence, and specifies that the Chief Audit Executive must report to a level within the Council that allows Internal Audit to fulfil its responsibilities.
- 2.3 The Authority's Financial Regulations state that the Chief Audit Executive 'must be able to report without fear or favour, in their own name to the Chief Executive, the Executive Board, the Corporate Governance and Audit Committee and the scrutiny function.'
- 2.4 Appropriate reporting and management arrangements are in place within LCC, including direct access to the Chief Executive and the Chair of the Audit Committee, which preserve the independence and objectivity of the Chief Audit Executive.

### **Declaration of independence and objectivity**

The reporting and management arrangements in place are appropriate to ensure the organisational independence of the Internal Audit activity. Robust arrangements are in place to ensure that any threats to objectivity are managed at the individual auditor, engagement, functional and organisational levels. Nothing has occurred during the year that has impaired personal independence or objectivity.

Chief Audit Executive

## 3 Opinion 2023/24

- 3.1 The Public Sector Internal Audit Standards (Performance Standard 2450) state that 'the chief audit executive must deliver an Annual Internal Audit opinion and report that can be used by the organisation to inform its governance statement.' This must be based on an objective assessment of the framework of governance, risk management and control and include an evaluation of the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems.

## Chief Audit Executive Opinion for 2023/24

The combination of audit work undertaken to deliver the objectives set out in the 2023/24 Internal Audit Plan leads to a conclusion that the internal control environment (including the key financial systems, risk and governance) is well established and operating effectively in practice.

This Annual Audit Opinion has been carefully considered in what has unquestionably been a challenging year for local government, where increasing demand and shrinking resources combine to put pressure existing control environments across local authorities. Whilst Leeds City Council is no outlier to this, the audit work undertaken over the course of the year has been able to substantiate increasing efforts to strengthen control in response to the challenging financial climate. In delivering the Annual Audit Opinion on the internal control environment it is important to note that financial outcomes, particularly in areas of rising demand, cannot simply be assumed to be a reflection on the control environment itself. Internal Audit has, over the course of the year, worked closely with various boards, committees and functions that have been established to identify pressures, challenge assumptions and agree income and savings proposals. Whilst the results may not be immediate, and there is ongoing work to embed the culture of spending money wisely, it underlines the commitment of organisational leadership to delivering a Medium-Term Financial Strategy designed to safeguard the authority over future years. We are aware that there are areas in which this is particularly challenging, and resources have been appropriately deployed to confront this.

Whilst increasing the consultancy and advisory work undertaken by Internal Audit to adapt to an ever changing risk profile, we have also continued to deliver a programme of core assurance work. This has included prioritised planned assignments outlined in the 2023/24 Audit Plan, as well as a range of audit work brought forward to reflect emerging risks and priorities. Audits have highlighted opportunities to further strengthen arrangements and we have worked with services to foster a culture of continual reflection and improvement. Where audits have resulted in 'Limited Assurance' opinions, and we have highlighted weaknesses that may present risk to the Council, we have agreed recommendations to further improve the arrangements in place. Whilst limited opinions have demonstrated the robust challenge that the internal audit function offers to the individual system areas that have been reviewed, the weaknesses identified are not material enough to have a significant impact on the overall opinion on the adequacy of the Council's governance, risk management and control arrangements at the year end.

In planning and directing the audit work undertaken to deliver this opinion we have relied on other sources of assurance where appropriate, enabling us to avoid duplication of effort. Even where these other assurances have identified areas for improvement in control, for example the Information Commissioner's Officer (ICO) audit, our own Internal Audit team has



been welcomed around the table to engage in the organisational response including the prioritisation and oversight of resulting actions. This reflects the respect given to Internal Audit and the evolving role of the service. The ability to evidence managerial commitment to implementing actions arising from this and other activities will be key to enabling positive assurances to be delivered over future periods.

Our recommendation tracking process has continued to evolve and develop over the course of the year, with increased engagement providing a key source of assurance for us that management are engaged in making continual improvements to the control environment. As a result, a **satisfactory** overall opinion is provided for 2023/24, based on the audit work and assurances summarised within this report.

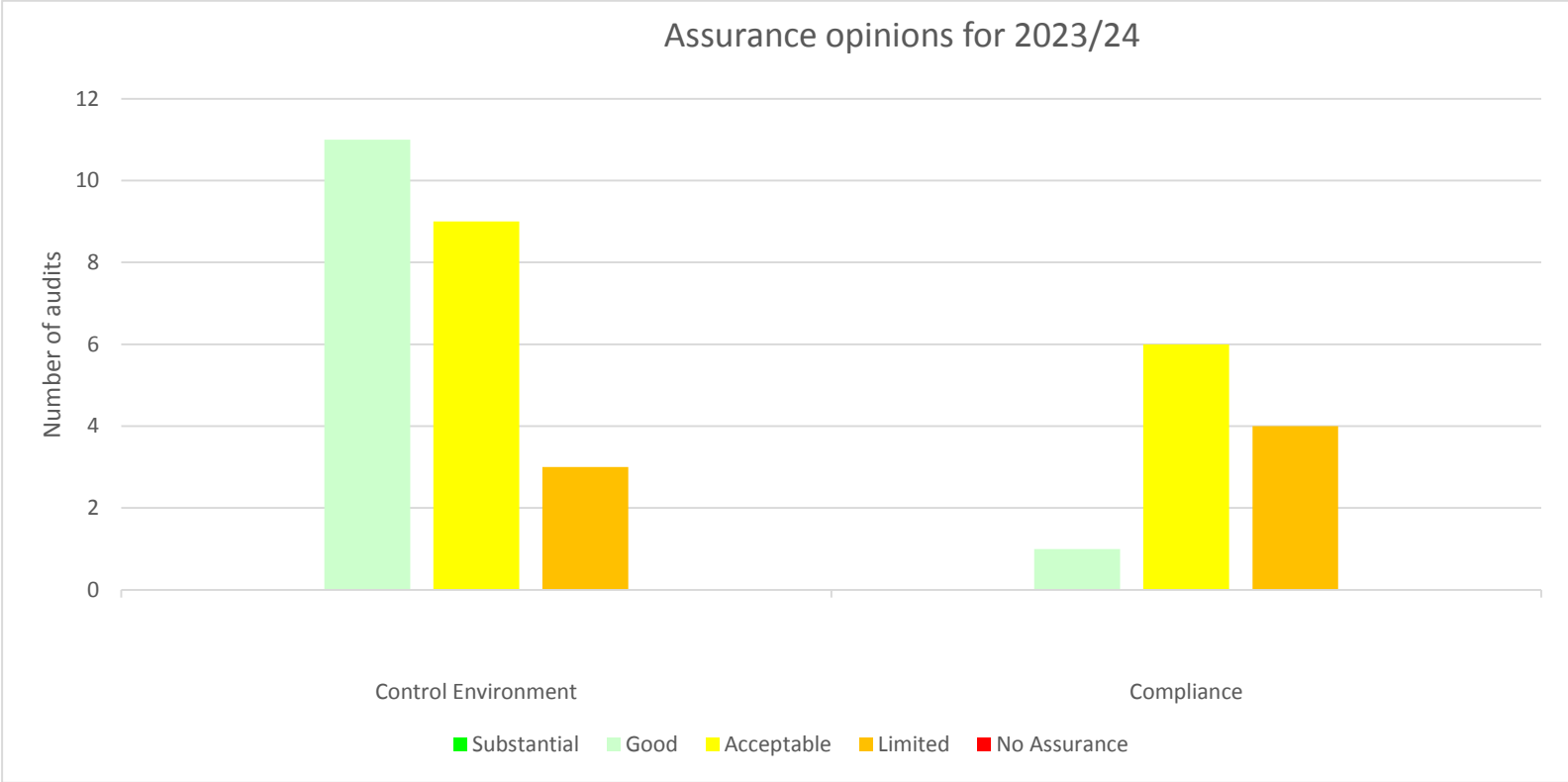
- 3.2 The audit work undertaken to support this opinion has been conducted in accordance with an established methodology that promotes quality and conformance with the International Standards for the Professional Practice of Internal Auditing.

#### 4 Basis of Assurance

- 4.1 The annual opinion on the adequacy and effectiveness of the control environment for 2023/24 is based on the findings and assurance provided by the totality of Internal Audit activity, including the schedule of reviews undertaken throughout the year. The planned schedule of reviews for 2023/24 was prepared using a risk-based audit planning approach and was approved by the Corporate Governance and Audit Committee in March 2023.
- 4.2 As this is a risk-based plan, it included an allocation of contingency for unplanned work. As risks and priorities have changed throughout the year, we have altered the profile of the plan to ensure attention is focussed on areas of the highest risk in the most efficient and effective way. All material changes that have been made to the 2023/24 Internal Audit plan have been reported to the Corporate Governance and Audit Committee through our regular update reports.
- 4.3 The schedule of reviews included audit work that has resulted in a formal audit report along with a range of other audit work which has enabled us to provide ongoing assurance and advice in respect of internal control, governance and transformational activities. A summary of all audit work undertaken on which this opinion is based can be found in Appendix C of this report.
- 4.4 Where the audit work results in an audit report, this provides, where appropriate, an assurance opinion. Depending on the type of audit review undertaken, assurance opinions may be assigned for the control environment, compliance and organisational impact. The control environment opinion is the result of an assessment of the controls in place to mitigate the risk of the objectives of the system under review not being achieved. A compliance opinion may also be provided for the

area under review if assurance on the extent to which the controls are being complied with is required. Assurance opinion levels for the control environment and compliance are categorised as follows: substantial (highest level), good, acceptable, limited and no assurance.

- 4.5 Organisational impact is reported as either: major, moderate or minor. Any reports issued with a major organisational impact would be reported to the Corporate Leadership Team along with the relevant directorate’s agreed action plan. There have been no reports issued with a major organisational impact in 2023/24.
- 4.6 The graph below provides a high-level overview of the assurance opinion levels provided for the audits that we have completed during the year, further details of which are provided in Appendix C.



## Assurance Areas

- 4.7 The table below provides a summary of the Assurance Themes, highlighted in blue, which have been covered through the 2023-24 reviews completed during 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024. This underlines the value added within the section and is a key factor in supporting the Chief Audit Executive’s annual opinion.

Audit Areas	Number of Audits in this area	Summary of Assurance Themes																									
		Value for Money	Transformation	Social Value	Safeguarding	Risk and Resilience	Project and Programme Management	Procurement	Performance Management	Partnerships	Legislative / Regulatory Compliance	Information Governance	Human Resource Management	Health and Safety	Governance & Decision Making	Financial Management	Equality, Diversity and Inclusion	Ethics and Culture	Cyber Security	Contracts and Commissioning	Consultation and engagement	Climate Emergency and Sustainability	Business Innovation and Development	Asset Management	Anti-Fraud and Corruption		
Financial & Key Financial Systems	13																										
ICT & Information Governance	7																										
Procurement	2																										
Directorate Risks	31																										
Schools, including School Voluntary Funds	21																										
Grants	18																										

### ***Key Financial Systems***

- 4.8 The key financial systems audits are reviews of the Council's core financial functions. We review these functions to provide assurance that the financial systems that are fundamental to the Council's operations remain effective and are working well in practice. The Public Sector Internal Audit Standards require Internal Audit to set a risk-based plan to determine the priorities of the Internal Audit activity and therefore this approach has been applied to our coverage of the key financial systems audits.
- 4.9 Our reviews of the key financial systems support the opinion that the Council has effective financial governance, risk management and internal control arrangements in place. In addition, they also support the assertions made by the Section 151 Officer in their Annual Assurance report that has also been presented to the Corporate Governance and Audit Committee. Audit coverage during the year has provided sufficient evidence to conclude that the key financial control systems are sound and that these controls continue to work well in practice. We have mainly focussed our attention on the transactional data within the key financial systems through the use of data analytics. Whilst no significant issues have been identified, this work provides an important source of ongoing assurance to management and is helpful when considering the direction of each piece of audit work.
- 4.10 Our role within the Core Business Transformation Programme has taken on increasing importance as we look to provide assurance that financial control and governance is appropriately considered within the introduction of the new core systems. We have been involved in the Finance Design Authority and the Core HR / Payroll Design Decision Panel. These panels have considered requests to adapt the existing systems for Council ways of working and we have provided input into this process to ensure that any potential control weaknesses and risks have been identified and considered as part of the service redesign. Our attendance at the Programme Board and the Delivery & Quality Assurance Board has provided assurance that there are adequate governance arrangements in place and that key decisions, such as the revision of the implementation timeline for Microsoft Dynamics Finance & Operations have been subject to robust check and challenge and have been appropriately approved.
- 4.11 Working towards increasing our data analytics maturity level as outlined in our Data Analytics Strategy, training has been delivered to the team on data analytics software, increasing our capacity to undertake data analytics. Delivering the remaining actions of the strategy remains a key area of focus for 2024/25.

### ***Procurement***

- 4.12 Our positive working relationship with Procurement and Commercial Services (PACS) means that we are consulted on procurement processes and controls throughout the year.

- 4.13 We have provided advice in relation to the contract management for the Resource Augmentation Framework contract within the Integrated Digital Service (IDS) and reviewed the draft documents. We have also provided assurance that procurement processes for the appointment of an Implementation Partner for the new finance system, and the selection of the HR/Payroll technology and implementation partner, have been undertaken in line with Contract Procedure Rules.
- 4.14 We have also delivered assurances in relation to contract management of specific contracts. A review of a specific contract in relation to the City Connect cycle highway did identify a number of weaknesses but also noted a strong response from the service who have subsequently implemented a large number of robust contract management procedures to address these and other issues.
- 4.15 One of the outcomes of the data analytics work outlined above at 4.9 involved working with PACS to increase efficiencies in payment processes for essential goods and services through purchasing cards, which should also increase the value of the rebate received from the card provider.
- 4.16 Through our ongoing role in the Core Business Transformation Programme, we remain involved in reviewing the Council's end to end purchasing systems and the way in which procuring on contracts can be encouraged by greater integration within the ordering and payment system. We have also continued to participate in a working group looking at the most effective ways of embedding good contract management practices across the authority in a proportionate and consistent manner. There have been further developments in the way in which contract management information is recorded and monitored, and PACS are actively engaged in efforts to raise awareness of good practice and ensure this is consistently embedded.

#### ***Information Governance and ICT***

- 4.17 Information Governance and ICT risks remains a significant priority for council. Assurance reports have been provided to committee throughout the 2023/24 year including the Annual Information Governance Report and the Annual Assurance Report of Integrated Digital Services. These reports provided updates to committee in relation to the effectiveness of control mechanisms in place in relation to information management and governance arrangements and the delivery of the Integrated Digital Services (IDS).
- 4.18 Our audit work within IDS provides assurances across a range of activities within Information Governance and Digital Services, of particular note we can give assurances around management of Cyber Security Risk within IDS but note areas for improvement through the documented consideration of risk appetite, and communication between IDS and wider business. Our work in relation to Core Business Transformation (noted in paragraph 4.10) also provides significant assurances in relation to the digital and information portfolio. We have reviewed the support and maintenance for the

systems post go live. We have also provided input into the assurance framework being developed by the Portfolio Management Office for the independent assessment of the status of change initiatives under the IDS portfolio.

- 4.19 In addition to our work undertaken above, there are several external assurances within Information Governance and ICT which support our overall audit opinion. Specifically, this includes the PSN Certification of which the council was recertified for another year and the external review by Information Commissioners Office. Updates to the committee were provided as part of the Annual Information Governance Report and did note a number of high-level recommendations. We have been engaged with the service regarding the response, prioritisation, and oversight of the resulting action plan.

### *Directorate Risks*

- 4.20 We have undertaken audits that provide assurance on governance, risk management and internal control arrangements across a range of operational and directorate risk areas during the year. Our work has had links to risks relating to safeguarding, health and safety, finance, compliance with legislation and internal procedures and a range of other risks that may affect the achievement of Council and directorate priorities.
- 4.21 Our audit work has provided assurances around processes that underpin the Council's core values and behaviours. We have also focussed attention on high profile areas of legislative and regulatory responsibility such as Children's Safeguarding and Education, Health & Care Plans. Our recommendations have been positively received by service areas and in some cases, these were actioned during the course of the audit.
- 4.22 We have contributed directly into several projects and working groups across the Council, as detailed in Appendix C, to provide a check and challenge role to ensure that potential risks and control weaknesses are highlighted and considered in any service redesign. This enables us to gain assurance regarding a number of areas including governance and decision making processes, financial management, business innovation and development and transformation. Attendance at these meetings also enables us to build intelligence and have greater insight regarding emerging risks. This is imperative in ensuring that the audit work completed over the course of the year remains relevant and risk focussed. Updates on the changes to planned activity have been provided to the committee throughout the year.
- 4.23 Through attending the meetings and working groups referenced above, we can ensure that the service(s) are maintaining momentum and actions are being taken, and progressed to move the projects and associated transformation forward. This is crucial given the current financial challenge. During the year we have undertaken specific work to support various Directorate projects in relation to:

- Procurement of goods, works and services to support Directorate priorities – ensuring the right people have been involved in signing off tender specifications, and reviewing documents to gain assurance that appropriate contract management arrangements are in place.
- Service redesign – we have provided input into process mapping in relation to Children’s Transport and Leeds Building Services. This enables us to gain assurance that relevant key factors have been considered and that there was appropriate consultation and co-ordination between specialist functions.

- 4.24 As part of our audit work, we have delivered critical reviews including a limited assurance report into Adult and Health Debt Recovery processes and a review of Finance Policies and Use of Section 17 Fund within Children & Families. Whilst these reviews have identified significant control weaknesses or errors that present a high risk to the process under review, these do not have a material impact on the Council overall.
- 4.25 The opinion over the controls in the Children & Families Directorate has been arrived at through the range of work that has been undertaken by Internal Audit (outlined in Appendix C) and through other independent sources of assurance as detailed below. This reflects our agile approach to auditing which enables us to focus on emerging risk areas and gain assurance from alternative sources in the areas of activity identified in our risk-based plan.
- 4.26 In March 2024 a joint targeted area inspection of the multi-agency response to serious youth violence and criminal exploitation in Leeds was carried out by inspectors from Ofsted, the Care Quality Commission, His Majesty’s Inspectorate of Constabulary and Fire & Rescue Services and His Majesty’s Inspectorate of Probation. The report praised the effective and well-coordinated response of the city’s agencies and the work of practitioners with children and families to reduce risks and inspire and divert children away from serious youth violence. We have placed some reliance on these assurances when planning and prioritising areas of audit activity over the course of the year.
- 4.27 During the year Children & Families leadership instigated a review of the end-to-end processes around Educational Health and Care needs Plans (EHCPs) to seek to better understand the challenges in relation to the timely completion of assessments and to highlight areas of opportunity and improvement. The review was supported by external consultants to bring specialist independent challenge and wider insight into the review process. The review work has been presented to Executive Board and Children and Families Scrutiny Board. This provides assurances that weaknesses in relation to the processes have been confronted during the year to ensure appropriate action planning has been put in place. We have maintained oversight of this work, which forms part of the wider transformation work within Children & Families through attendance at boards, including the Children & Families Delivery Board. We continue to attend these boards as part of our work in 2024/25 so we are well placed to challenge progress as the year progresses.

- 4.28 The Children and Families Scrutiny Board has received reports in relation to the city's child safeguarding arrangements and the implementation of the recommendations from the Independent Review of Children's Social Care led by Josh MacAlister.
- 4.29 We have continued to provide an audit programme at schools that is driven by a robust risk assessment process that enables us to focus on opportunities to add value and strengthen controls.

### ***Recommendation Tracking***

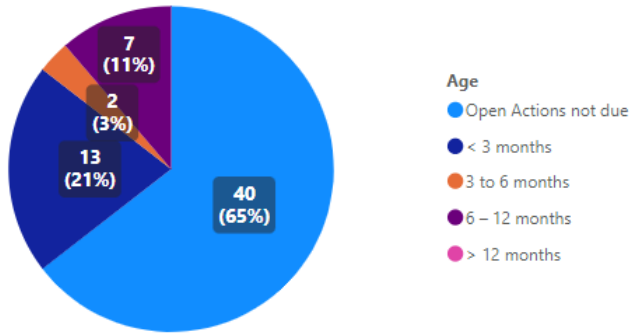
- 4.30 There is a process in place aimed at tracking the implementation of high and medium priority recommendations raised within our audit reports. A key factor in our determination of the overall audit opinion at the end of the year is the extent to which senior managers have implemented audit recommendations and responded to the risks highlighted through our work. Positive responses from management and a demonstrable commitment to continual improvement are important indicators of an appropriate culture and robust control environment. We have reported the performance on this in our previous update reports. Below is a summary of the recommendation tracking process for the year.
- 4.31 The table below details the number of high and medium priority recommendations that were open at the 1<sup>st</sup> April 2023 and provides details of the number that have been closed and raised during 2023/24. These leaves us with the total number of recommendations ongoing to be carried forward into future periods.

<b>Priority</b>	<b>Open Recs as at 1<sup>st</sup> April 2023</b>	<b>Recs closed in 2023/24</b>	<b>Recs opened in 2023/24</b>	<b>Open Recs as at 31<sup>st</sup> March 2024</b>
High	60	85	71	46
Medium	24	44	36	16
<b>Total</b>	<b>84</b>	<b>129</b>	<b>107</b>	<b>62</b>

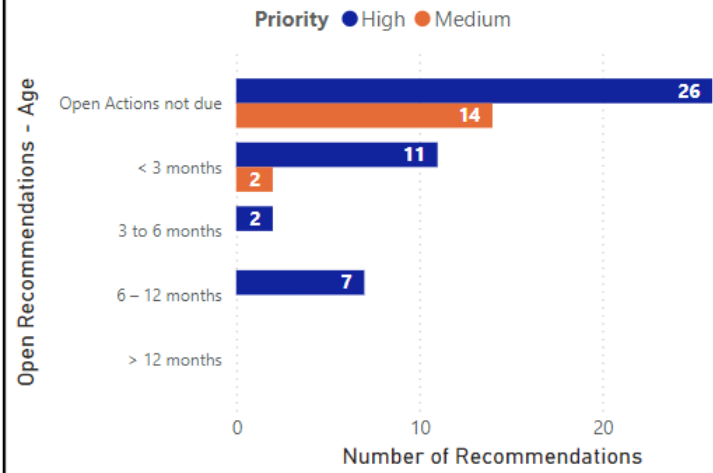
- 4.32 The graphs below show the breakdown of open recommendations as at 31<sup>st</sup> March by age, priority and Directorate.



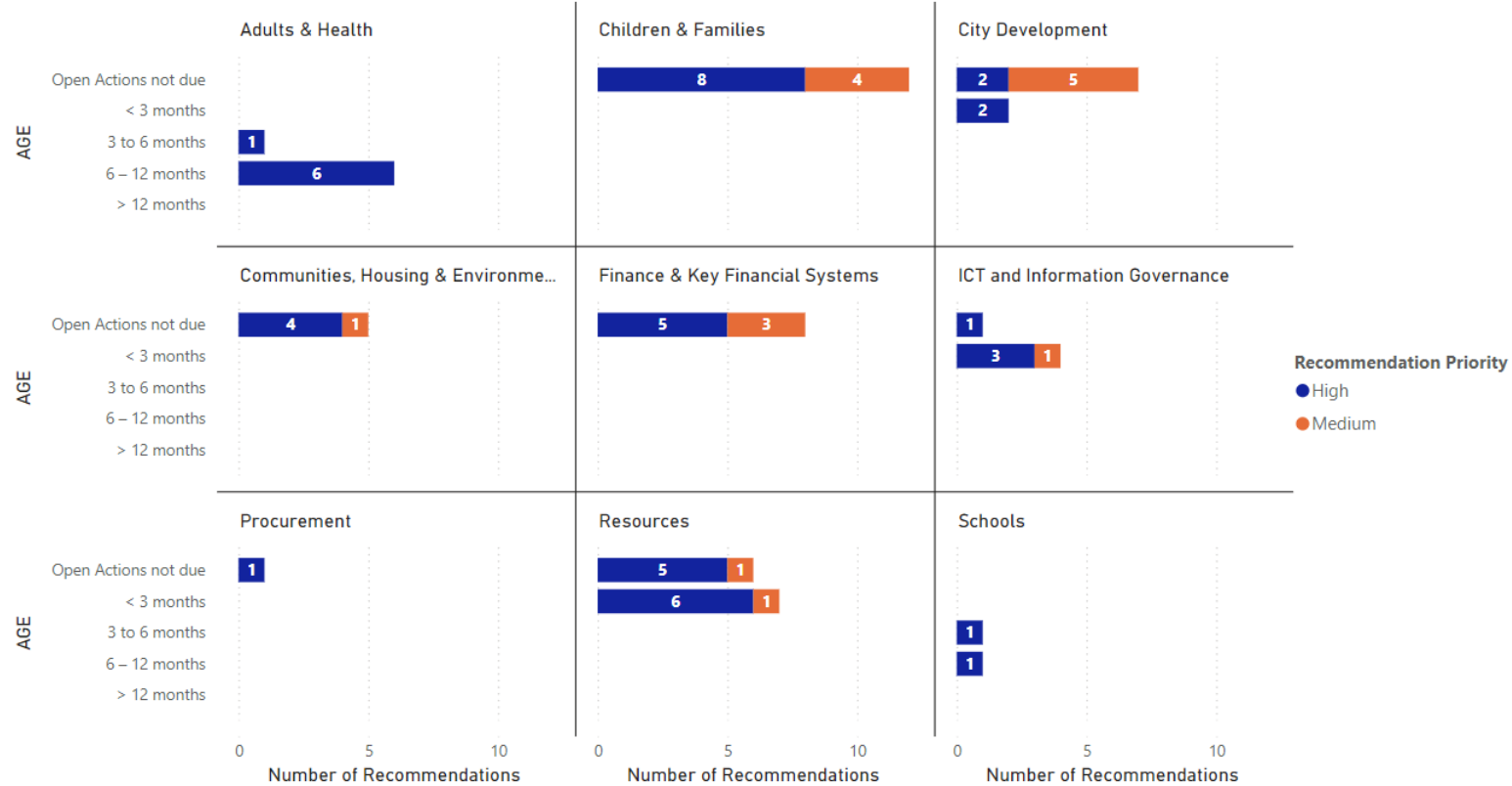
Open Recommendations as at 31 March 2024



Open Recommendations by Age and Priority



**Open Recommendations By Assurance Block, Age and Priority**



- 4.33 During the year we have reviewed the recommendations where the target date has been missed to determine if there are any themes that may have led to the delays in implementation and these have been reported to committee through the update reports. This shows that there have been two main themes throughout the year.
- 4.34 The first has been around the limitations in available resource to fully complete the associated actions. We appreciate that balancing resources and conflicting priorities is a challenge for all colleagues across the organisation, and the recommendation tracking process helps keep actions in focus where they need to be.
- 4.35 The second is in relation to recommendations where completion is dependent upon the finalisation of digital solutions in progress. It is often the case that the complexity of the solution, and the requirement for resources to implement it, is not fully

understood until the work has commenced. In these cases we have considered a revision to the target date so as to retain an ongoing focus on progressing the implementation of the recommendation. During the year 10 dates have been revised. All revisions to target dates have been discussed with the service and agreed with the Chief Audit Executive.

- 4.36 The onus continues to be on directorate and service leads to update the trackers and ensure we have accurate information to analyse and report on. We continue to embed the process effectively and are proactively obtaining feedback to use this in the ongoing development of the tracking process. As directorate engagement improves, we will be introducing a sample checking process moving forward.

## **5 Counter Fraud and Corruption**

- 5.1 Leeds City Council is committed to the highest standards of openness, probity and accountability. To underpin this commitment, the council takes a zero-tolerance approach to fraud and corruption and is dedicated to ensuring that the organisation operates within a control environment that seeks to prevent, detect and take action against fraud and corruption.
- 5.2 As custodians of the council's anti-fraud and corruption policy framework and owners of the fraud and corruption risk, Internal Audit adopts an overarching responsibility for reviewing the council's approach to preventing and detecting fraud. In addition to Internal Audit, there are several specialist teams and services across the council that undertake counter-fraud/overpayment work, these include:
- Housing and Tenancy Fraud
  - Blue Badges (Disabled Parking Concessions)
  - Council Tax Support / discounts and Housing Benefits
  - Direct Payments
- 5.3 The Corporate Governance and Audit Committee (CGAC) receive a report on counter fraud activity, including the number of referrals and outcomes, through the twice-yearly Counter Fraud update reports. This provides assurances around the Council's arrangements in place to identify and mitigate the risk of fraud and corruption. The counter fraud team within Internal Audit takes a risk-based approach to ensure the risk of fraud is managed effectively with available resources.
- 5.4 The council's Whistleblowing Policy sets out the means by which serious concerns can be brought to the attention of the council. The Whistleblowing Policy is available on the intranet and internet and encourages anyone who has serious concerns about any aspect of the council's work, to come forward and voice those concerns, and for employees to do so without fear of reprisal.

- 5.5 Internal Audit are also the custodians of the Anti-Bribery and the Anti Money Laundering Policies. The purpose of the Anti-Bribery policy is to maintain the high standards of conduct which currently exist across the council by preventing or identifying bribery. The Anti-Money Laundering Policy sets out appropriate and proportionate anti-money laundering safeguards and reporting arrangements within the council. During the year the Anti Bribery Policy was reviewed against current legislation and best practice, updated, and promoted through relevant communication channels. The Anti-Bribery Policy on a Page was also introduced to promote the key messages on an easy-to-read document. The promotion and accessibility of these policies helps the council to be responsive to emerging risks that are identified.
- 5.6 During the year we have undertaken reviews on the basis of intelligence received through the counter fraud channels. This has resulted in a number of recommendations being made to strengthen the control environment across the council. The outcomes of this work are captured at Appendix C of this report and provide an important source of assurance contributing to the overall audit opinion.
- 5.7 As part of our proactive counter fraud work, we take part in the National Fraud Initiative (NFI). The NFI is an exercise conducted by the Cabinet Office every two years that matches electronic data within and between public and private sector bodies to prevent and detect fraud. Where a match is found it may indicate that there is an inconsistency which requires further investigation to determine whether fraud or error has occurred, or if there is another explanation for the match. We coordinate this exercise with the relevant teams within the Council who work through the matches on a risk basis. Our participation in this provides assurance that the authority is taking positive action to detect potential fraud and prevent its recurrence.
- 5.8 Over the course of the year we have undertaken awareness raising activities to promote the counter fraud policies and how to report concerns. One of the methods for promoting this is through the Fraud Awareness Training package which is available to staff on the Performance and Learning System. The June promotion was timed to coincide with World Whistleblower's Day, with further communications in November during International Fraud Awareness Week. The Fraud Awareness Training package specifically tailored for school staff and governors was successfully launched as an e-learning package on the Leeds for Learning platform which gives us greater oversight of the uptake.
- 5.9 As members of the National Anti-Fraud Network (NAFN) we receive regular intelligence alerts on active or reported frauds experienced by other member bodies. Details of the fraud risks are shared with the relevant service. We also share this knowledge across the wider audit team as part of the audit preparation process so any risks can be considered within the scope of a review where relevant. This provides us with further confidence that we are appropriately meeting the requirements of the PSIAS, and helps to ensure that the work undertaken to support the annual opinion takes account of fraud risks. We have regular meetings with the Freedom to Speak Up Guardian (FTSUG) where any concerns that are considered to require Internal Audit investigation are discussed and actions agreed. These relationships enhance our ability

to identify and respond to emerging fraud risks and embed counter fraud policies and procedures. We have sought views as to whether the council's approach to fraud and corruption is well embedded through the Survey of Internal Control and have identified opportunities to strengthen awareness and engagement, demonstrating our commitment to continual improvement. Actions will feed into the Quality Assurance Improvement Programme (QAIP) over the coming year.

***Regulation of Investigatory Powers Act 2000***

- 5.10 The Head of Service (Legal) has confirmed that there have been no applications for directed surveillance or covert human intelligence source (CHIS) authorisations during this financial year. In addition, there has been no use of the powers to obtain communications data over the same period.

This page is intentionally left blank



**Appendix B**  
**Leeds City Council**  
**Internal Audit Annual Report**  
**Audit Resources and**  
**Quality Assurance and Improvement Programme (QAIP)**  
**2023-24**

**Corporate Governance and Audit Committee**

**29 July 2024**

## INTERNAL AUDIT ANNUAL REPORT – AUDIT RESOURCES AND QAIP 2023/24

### 1 Resources

- 1.1 The Public Sector Internal Audit Standards (PSIAS) Performance Standard 2030 states “The Chief Audit Executive must ensure that Internal Audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan”. The table below demonstrates that during 2023-24, FTE resources within the Internal Audit have reduced. The reduced resource undoubtedly challenges the team, but also provides opportunities to review and streamline our working practices. It is important to note that the reduction in resource is not out of step with the wider authority during these challenging times.

We continue to manage our available resources to direct these towards the highest areas of risk to deliver the evidence-based Chief Audit Executive opinion on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control in accordance with the PSIAS.

- 1.2 We continue to take a risk-based approach throughout the year and can confirm that resources have been appropriate, sufficient, and effectively deployed to achieve the audit coverage necessary to deliver the annual Internal Audit opinion.

Experience of Full Time Equivalent (FTE) staff in post

Years of experience – local government auditing	FTE at 31/03/2023	FTE at 31/03/2024
Less than 1 year	0	0
1 – 5 years	1.95	2
6 – 10 years	4	3
Over 10 years	9.89	7.57
<b>Total FTE</b>	<b>15.84</b>	<b>12.57</b>

### Proficiency and Due Professional Care

- 1.3 Proficiency and due professional care are a key requirement of the PSIAS. All Internal Auditors have a personal responsibility to undertake a programme of Continuing Professional Development (CPD) to maintain and develop their



competence. We allocated time within the 2023-24 audit plan for CPD, training and personal development to be undertaken throughout the year to continuously improve the knowledge and skills within the Internal Audit section.

- 1.4 All members of the Internal Audit team are professionally qualified or are studying for professional qualifications and the table above demonstrates that there is also a good level of local government auditing experience within the team.

## **2 Quality Assurance and Improvement Programme and Conformance with PSIAS 2023/24**

### **Internal Audit Performance**

- 2.1 The Terms of Reference for the Corporate Governance and Audit Committee include the consideration of the Council's arrangements for monitoring the performance of Internal Audit. This section of the report summarises the performance information that has been reported throughout the year to the Corporate Governance and Audit Committee.
- 2.2 The Public Sector Internal Audit Standards (PSIAS) require a quality assurance framework to be established, which includes both internal and external assessments of the work of Internal Audit. The activities we undertake to satisfy the requirements for internal assessments include:
- Ongoing supervision, performance management, quality assurance and regular review of the procedures that guide staff in performing their duties to ensure they conform to the PSIAS. The latest external certification of our quality management system was undertaken in November 2022, further details are included at 2.5 below.
  - Customer Satisfaction Questionnaires (CSQs) are issued to clients at the end of each assignment and the information returned is used to identify training and development needs. The results of the returned CSQs are reported to the Committee at each update report and an annual summary is included below.
  - Self-assessments are undertaken against the PSIAS for conformance. The new Global Internal Audit Standards were published in January 2024, for implementation in January 2025. These are currently being reviewed to incorporate into PSIAS with the new PSIAS standards expected by the end of 2024 for implementation on 1<sup>st</sup> April 2025. We will undertake an assessment against the new PSIAS to ensure that we either comply with them or have an action plan in place when they come into force.
- 2.3 The PSIAS require that an external assessment is conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. Our latest assessment by Glasgow City Council took place during 2021 which concluded that Leeds City Council's Internal Audit Service conforms to the requirements of the PSIAS. It

had been agreed by the Core Cities Internal Audit Group that rotational peer reviews would be undertaken. The members of the Committee were provided with the full report at the December 2021 meeting. Recommendations included within the external assessment report were included within the Quality Assurance Improvement Programme. These were implemented and reported to the Committee.

2.4 Members receive updates on the work of Internal Audit throughout the year. The table below summarises the reports provided to the Corporate Governance and Audit Committee between 1<sup>st</sup> April 2023 to 30<sup>th</sup> June 2024.

Report	Purpose
Internal Audit Update Reports	Provided regular summaries of the work undertaken by Internal Audit and allowed the Committee to review the performance of the section.
Annual Report 2022-23	Provided an overview of the work undertaken by Internal Audit and the Annual audit opinion in respect of the Council's governance, risk management and control arrangements for 2022-23.
Annual Audit Plan 2024-25	Presented the proposed Internal Audit Plan for 2024-25 for review and approval.
Counter Fraud Update Reports	Provided six monthly updates of the counter fraud activities undertaken by Internal Audit and information from other service areas who contribute to the Council's counter fraud assurances to give a rounded overview of the work that is being undertaken across the Council on counter fraud activities.

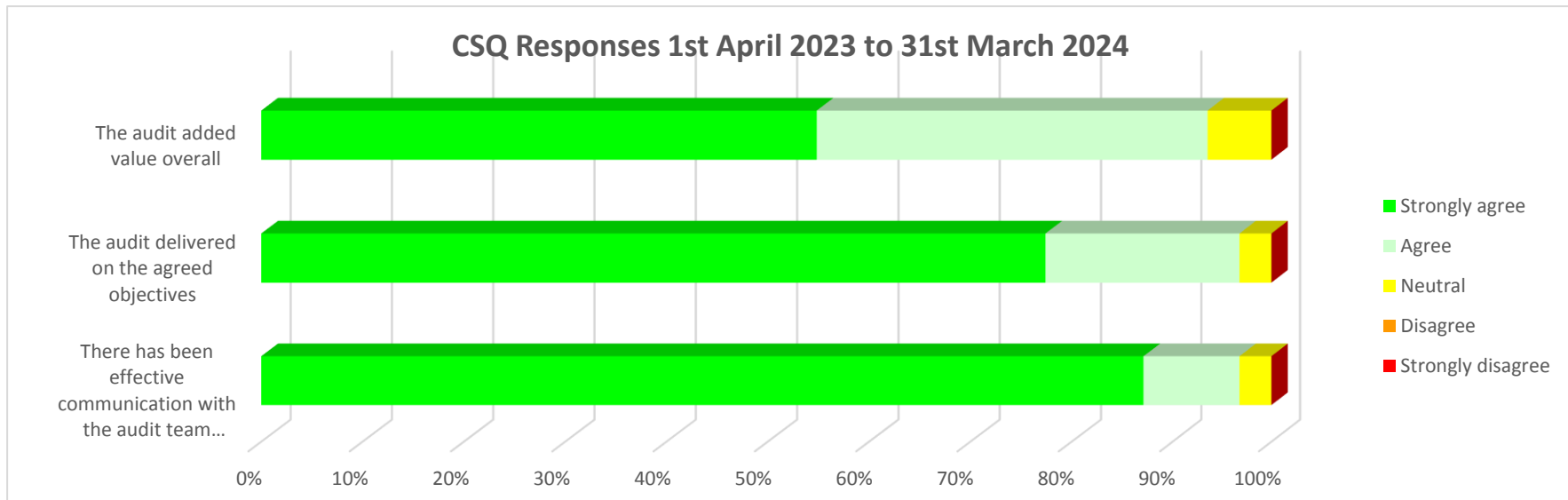
**Quality**

2.5 The latest external certification of our quality management system was undertaken in November 2022. The assessment confirmed that our arrangements continue to conform to the ISO quality management standards and is demonstrating continual improvement. Certification was successfully awarded for a further 3 years, this is subject to an annual surveillance review. All Internal Audit work is undertaken in accordance with internal quality procedures incorporated in the quality management system, which has been ISO certified since 1998.

2.6 We actively obtain feedback by issuing a customer satisfaction questionnaire (CSQ) with every audit report. For the period from 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024 we have issued a total of 54 Customer Satisfaction Questionnaires and received 34 completed returns at a response rate of 63% for the year, (for comparison, the 2022/23 Annual Report reported an overall response rate of 72%). The majority of the unreturned CSQs relate to schools and specifically School Voluntary Fund audits. These are carried out on request of the school therefore satisfaction with the work undertaken can be implied.



2.7 The graph below shows the responses for each question. The respondents have selected either strongly agree or agree in 94% of responses for the first question and 97% of responses for the remaining two questions.



2.8 We also encourage wider feedback from officers across the Council and members of the team receive feedback directly from clients and senior management. In addition, we have sent out a CSQ to all Directors, as well as Chief Officers and Heads of Service. We asked the respondents to rate Internal Audit as either “Excellent”, “Good”, “Adequate” or “Poor” in a number of areas. The responses are shown in the table below along with a summary of comments we received.

**Responses to Customer Satisfaction Questionnaire**

Rating ● Excellent ● Good ● Adequate															
<p>Overall rating of Internal Audit</p> <table border="1"> <tr><th>Rating</th><th>Percentage</th></tr> <tr><td>Excellent</td><td>74%</td></tr> <tr><td>Good</td><td>26%</td></tr> </table>	Rating	Percentage	Excellent	74%	Good	26%	<p>The extent to which the audit process is constructive and adds value overall</p> <table border="1"> <tr><th>Rating</th><th>Percentage</th></tr> <tr><td>Excellent</td><td>77%</td></tr> <tr><td>Good</td><td>23%</td></tr> </table>	Rating	Percentage	Excellent	77%	Good	23%		
Rating	Percentage														
Excellent	74%														
Good	26%														
Rating	Percentage														
Excellent	77%														
Good	23%														
<p>The extent to which the work of Internal Audit is carried out professionally and objectively</p> <table border="1"> <tr><th>Rating</th><th>Percentage</th></tr> <tr><td>Excellent</td><td>83%</td></tr> <tr><td>Good</td><td>18%</td></tr> </table>	Rating	Percentage	Excellent	83%	Good	18%	<p>The relationship between your service and Internal Audit</p> <table border="1"> <tr><th>Rating</th><th>Percentage</th></tr> <tr><td>Excellent</td><td>75%</td></tr> <tr><td>Good</td><td>25%</td></tr> </table>	Rating	Percentage	Excellent	75%	Good	25%		
Rating	Percentage														
Excellent	83%														
Good	18%														
Rating	Percentage														
Excellent	75%														
Good	25%														
<p>The timeliness of our work</p> <table border="1"> <tr><th>Rating</th><th>Percentage</th></tr> <tr><td>Excellent</td><td>58%</td></tr> <tr><td>Good</td><td>42%</td></tr> </table>	Rating	Percentage	Excellent	58%	Good	42%	<p>The extent to which Internal Audit meets your needs</p> <table border="1"> <tr><th>Rating</th><th>Percentage</th></tr> <tr><td>Excellent</td><td>62%</td></tr> <tr><td>Good</td><td>36%</td></tr> <tr><td>Adequate</td><td>2%</td></tr> </table>	Rating	Percentage	Excellent	62%	Good	36%	Adequate	2%
Rating	Percentage														
Excellent	58%														
Good	42%														
Rating	Percentage														
Excellent	62%														
Good	36%														
Adequate	2%														



### Quality Assurance and Improvement Action Plan

2.9 The PSIAS require that the results of the Internal Audit Quality Assurance and Improvement Plan (QAIP) are included in the Annual Report. The QAIP brings together our commitment to continually review and improve the way in which we deliver our Internal Audit service and embed our quality system into working practices. The 2023/24 Action Plan is provided in the table below. There are actions to further boost engagement and profile in accordance with some of the feedback highlighted above.

Action	Timescale and Status
Internal Audit assurance mapping will continue to be developed to support the annual audit planning process.	<p>Ongoing – We have integrated assurance into our audit planning process as our risk assessment criteria includes identifying other assurance mechanisms in place for the area under review.</p> <p>For 2024/25 we will develop a list of these assurance mechanisms that will be updated on a continuous basis going forward to feed into our ongoing planning process.</p>
Internal Audit Performance Monitoring – internal performance measures, including KPIs, are being reviewed on an ongoing basis to support and drive completion of the annual audit plan.	<p>Ongoing – We continue to review our performance measures and produce meaningful information for the committee. We have reflected on the feedback provided by members of the committee.</p> <p>Changes have been made in the information being reported to committee in relation to recommendation tracking and also customer satisfaction.</p> <p>We have developed a dashboard which will be utilised to strengthen performance management and presentation of outcomes. This will be reviewed on an ongoing basis to ensure that it provides the most relevant information for monitoring performance.</p>
Internal Audit Reporting Protocols – to update and streamline directorate reporting protocols to drive timely completion of audit reports.	<p>Complete – We have refreshed our protocols and are continuing to look at the most effective ways of developing and embedding these, including attendance at the identified forums below.</p>
Automation of the recommendation tracking process – to create an automated process for gathering data on the audit recommendation trackers for each assurance area.	<p>Complete – An automated audit recommendation tracking process has been developed that will lessen the administrative burden that exists currently to collate recommendation tracking data.</p>
Recommendation tracking process – to further embed the recommendation process across the council.	<p>Ongoing – For 2024/25 will we introduce a spot-checking process to provide assurance on the responses to implementation of recommendations from services.</p>

Action	Timescale and Status
<p>Engagement – To further increase our presence at key forums to enable closer working across the Council, promote the work of the section and obtain information on any emerging areas of risk or concern:</p>	<p>Ongoing – we have identified a number of forums where our engagement will be helpful, this is an ongoing process. We have also established regular meetings with key officers, such as the Chief Digital Information Officer to share information.</p> <p>Actions will be agreed as part of the appraisal process to ensure that this work is taken forward.</p>
<p>New Global Internal Audit Standards – We will undertake a self-assessment against the new standards when they are published and develop an action plan to ensure we will be compliant when the standards become effective.</p>	<p>Not Yet Started – On 9<sup>th</sup> January 2024, the new Global Internal Audit Standards (GIAS) were issued. These replace the International Practice Framework on which the Public Sector Internal Audit Standards (PSIAS) are based.</p> <p>The PSIAS are issued under the authority of the Relevant Internal Audit Standard Setters (RIASS). The RIASS have agreed to use the new GIAS as the basis for internal auditing for the UK Public Sector and have asked the UK Public Sector Internal Auditing Standards Advisory Board (IASAB) to carry out a review of the new standards with a view to identifying and producing any sector specific interpretations or other material needed to make them suitable for UK public sector use.</p> <p>The IASAB plans to issue consultation material by September 2024 at the latest. Following consultation, the final material for application in the UK public sector together with guidance on the transition period between 9<sup>th</sup> January and the implementation date for the new PSIAS of 1<sup>st</sup> April 2025.</p> <p>Once we understand what these requirements are we will undertake a self-assessment to determine what actions we need to take prior to implementation.</p>

This page is intentionally left blank





**Appendix C**

**Leeds City Council**

**Internal Audit Annual Report**

**List of Work Completed 2023-24**

**Corporate Governance and Audit Committee**

**29<sup>th</sup> July 2024**

## INTERNAL AUDIT ANNUAL REPORT – LIST OF WORK COMPLETED 2023/24

### 1 The Annual Reporting Process

1.1 This section provides a summary of all audit activity that has been undertaken that contributes to our opinion in this Annual Report. This includes all reports issued as well as other work that has enabled us to provide ongoing oversight and advice in respect of internal control, governance and transformational activities. The table below summarises the work we have undertaken. Where an opinion has been given, this is included. Where the work has not led to an opinion being provided, we have provided a summary of the key outcomes and assurances.

Report Title			Audit Opinion / Assurances Provided
<b>Finance including Key Financial Systems</b>			
Budget Monitoring and Control	<b>Control Environment – Good</b>	<b>Compliance – N/A</b>	<b>Organisational Impact – Minor</b>
Children & Families Finance Policies and Use of Section 17 Fund			We have undertaken a review of several finance policies within Children and Families to ensure that these are fit for purpose. This has identified a number of opportunities to strengthen the overall control environment.
Core Business Transformation – Work Packages			<p>We have provided consultancy work through the Finance Design Authority and the Core HR / Payroll Design Decision Panel to aid in the development of the new processes within Microsoft Dynamics and iTrent respectively. This has been through a check and challenge role to ensure that potential risks and control weaknesses are highlighted and considered in the service redesign.</p> <p>We have provided consultancy work through the Purchase to Pay (P2P) workstream to aid in the development of purchase to payment systems, including contract management arrangements and through direct involvement in working groups on the interfaces between Dynamics and Civica Pay.</p>
Core Business Transformation – Programme Assurance			<p>We have presented four quarterly reports to the Programme Board providing assurance on the:</p> <ul style="list-style-type: none"> <li>• support and maintenance for Microsoft Dynamics.</li> <li>• contract management across the programme.</li> </ul>

Report Title	Audit Opinion / Assurances Provided
	<ul style="list-style-type: none"> <li>• support and maintenance for the systems post go live and contract management across the programme.</li> <li>• change management for the programme.</li> </ul> <p>We have also provided assurance that procurement processes for the Finance Implementation Partner and the HR/Payroll technology and implementation partner have been undertaken in line with Contracts Procedure Rules.</p>
Purchasing Cards	<p>We have supported the S151 officer with the current financial challenge, highlighting areas where action can be taken regarding purchasing cards to reduce non-essential spend. This involved an in-depth review of purchasing card transactions, areas of high spend, choice of suppliers and identification of opportunities to reduce spend. This has resulted in:</p> <ul style="list-style-type: none"> <li>• A reduction in the number of purchasing cards in use.</li> <li>• Targeted communication to remaining purchasing card holders and approvers to reinforce the spend freeze and consideration of the Spending Money Wisely Value where spend is essential.</li> <li>• Ongoing work with PACS to increase both efficiencies in payment processes for essential goods and services and the value of the rebate received from the card provider.</li> </ul>
Financial Regulations	<p>We have contributed to the cyclical review of Financial Regulations to ensure that key audit observations and recommendations are appropriately considered within the control environment. This has also included a review of ownership and oversight of the regulations.</p>
Payroll	<p>Data analytics work undertaken. Assurances gained around leaver overpayments; set review dates for honoraria and acting up; set end dates for temporary and fixed contracts of employment; and duplicate bank details across multiple employee records.</p>
Council Tax	<p>Data analytics work undertaken to provide confirmation that annual bills and any subsequent adjustments have been charged at the correct rates.</p>

Report Title	Audit Opinion / Assurances Provided		
CIS (Adult Social Care)	Data analytics work undertaken and assurances gained over placement costs being paid at the agreed rates.		
Treasury Management	Data analytics work undertaken to verify that treasury transactions and interest payments/receipts are accurate and correctly processed.		
Sundry Income	Analytical review to provide assurance on year-on-year billing amounts.		
Adults & Health Budget Review Group	Attendance at meetings to gain assurance that the service will deliver against its budget action plans or, where this is not achievable, ensure alternative savings have been identified and progress against these is monitored.		
Mileage Claims	Assurance provided on the arrangements in place including recommendations to strengthen communication of the relevant policy requirements, and to consider developments within the scope of future transformation activity.		
<b>ICT &amp; Information Governance</b>			
Privileged User Access Follow Up	<b>Control Environment – Limited</b>	<b>Compliance – N/A</b>	<b>Organisational Impact – Moderate</b>
Cyber Security Risk Management	<b>Control Environment – Acceptable</b>	<b>Compliance – N/A</b>	<b>Organisational Impact – Moderate</b>
Data Protection Impact Assessment Follow Up	We reviewed the progress being made by the service to implement the original report recommendations made to ensure that the Data Protection Impact Assessments are completed where required. We confirmed that new systems are being developed that should either address or facilitate the implementation of these.		
Project Management	We have provided input into the assurance framework being developed by the Portfolio Management Office for the independent assessment of the status of change initiatives under the IDS portfolio.		

Report Title		Audit Opinion / Assurances Provided		
		We have provided advice in relation to the contract management for the Resource Augmentation Framework contract and reviewed the draft documents.		
Purchase of Non-Standard IT Equipment		We have provided assurance that there is appropriate governance around the decision to purchase the equipment and that there is appropriate management and security of the actual equipment.		
ICO Audit		We have supported the service with their preparation for the ICO visit and have been engaged with the service regarding the response, prioritisation, and oversight of the resulting action plan.		
Office of Data Analytics		Attendance at meetings to gain assurance that potential risks and control weaknesses are highlighted and considered in the development of the service.		
<b>Procurement</b>				
NPS Contract Management Review		<b>Control Environment – Good</b>	<b>Compliance – Acceptable</b>	<b>Organisational Impact – Minor</b>
Colas Contract Management Briefing Paper		We have undertaken a review of contract management arrangements. This identified a number of weaknesses but also noted a strong response from the service who have subsequently implemented a large number of robust contract management procedures to address these and other issues		
<b>Directorate risks</b>				
Adults and Health Debt Recovery	<b>Control Environment – Limited</b>	<b>Compliance – N/A</b>	<b>Organisational Impact – Moderate</b>	
Deputy and Estates	<b>Control Environment – Good</b>	<b>Compliance – N/A</b>	<b>Organisational Impact – Minor</b>	
No Recourse to Public Funds Follow Up		<b>Control Environment – Limited</b>	<b>Compliance – Limited</b>	<b>Organisational Impact – Moderate</b>

Report Title	Audit Opinion / Assurances Provided		
SEN out of area placements Follow Up	<b>Control Environment – Acceptable</b>	<b>Compliance - Acceptable</b>	<b>Organisational Impact – Minor</b>
Safeguarding	<b>Control Environment – Good</b>	<b>Compliance – N/A</b>	<b>Organisational Impact – Moderate</b>
House in Multiple Occupancy (HMO) Follow Up	<b>Control Environment – Good</b>	<b>Compliance – Good</b>	<b>Organisational Impact – Minor</b>
Supported Living Accommodation	<b>Control Environment – Good</b>	<b>Compliance – N/A</b>	<b>Organisational Impact – Minor</b>
Housing Application Assessment and Priority Awards	<b>Control Environment – Good</b>	<b>Compliance – Acceptable</b>	<b>Organisational Impact – Minor</b>
Housing Leeds Assurance – BITMO Information Governance	<b>Control Environment – Good</b>	<b>Compliance – N/A</b>	<b>Organisational Impact – Minor</b>
Void Property Management	<b>Control Environment – Good</b>	<b>Compliance – Acceptable</b>	<b>Organisational Impact – Minor</b>
Risk Management	<b>Control Environment – Acceptable</b>	<b>Compliance – N/A</b>	<b>Organisational Impact – Moderate</b>
Business Continuity Management	<b>Control Environment – Good</b>	<b>Compliance – N/A</b>	<b>Organisational Impact – Minor</b>
Long Term Voids	<b>Control Environment – Acceptable</b>	<b>Compliance – N/A</b>	<b>Organisational Impact – Minor</b>
Events costing and income generation	<b>Control Environment – Acceptable</b>	<b>Compliance – N/A</b>	<b>Organisational Impact – Minor</b>
Community, Health and Wellbeing Service	Attendance at groups within Adults & Health that have been set up to deliver a key area of transformation for the service in relation to the delivery of home care. We provide a check and challenge role to ensure that potential risks and control weaknesses are highlighted and considered in the service redesign. Specifically, we have provided		

Report Title	Audit Opinion / Assurances Provided
	advice in relation to the development of the specification for the tender for the pilot area and reviewed the draft documents.
Income Recovery Board	Attendance at meetings to ensure that potential risks and control weaknesses are highlighted and considered in the service redesign.
Discharge to Assess	Following a risk assessment during the year we have looked at the Discharge to Assess process to provide assurance that the service is spending money wisely.
Children & Families Delivery Board	Attendance at a board set up to oversee the delivery of the transformation work within Children & Families. This provides assurance that there are adequate governance arrangements in place over the individual projects and programmes to ensure delivery of the transformations.
Children & Families Financial Health Task & Finish Group	Attendance at the meetings to provide support and challenge in relation to the directorate's efforts to address the current financial challenge, including the arrangements in place to deliver their savings programme.
SEND & Inclusion Improvement Programme Steering Group	Attendance at steering group meetings to provide a check and challenge approach to the ongoing delivery of the change programme, including the implementation timescales of the recommendations from the PwC review of Education, Health, and Care Plans (EHCPs).  This includes oversight of the workstreams covering programme management, demand and backlog management, new operating model implementation and technology.
Mosaic Project Board	Attendance at a Board that has been set up to deliver a transformation for the service in relation to development of the Mosaic system. We provide a check and challenge role to ensure that potential risks and control weaknesses are highlighted and considered in the service redesign.
Children and Families – Families First Grant Validation	Assurance provided on the validity of the claim being submitted. A total of four claims were made in 2023/24.

Report Title	Audit Opinion / Assurances Provided
Children's Transport	<p>We have undertaken an end-to-end review of the transport process, including the flow of data between services. We have made recommendations to enhance data records and reporting, improving actions available to fully review, challenge and model future transport requirements.</p> <p>The review included oversight of the production of dashboard information for SEN which will include a transport element.</p>
Leeds Building Services Review	<p>Attendance at various meetings established to support service improvement within LBS. This provides assurance that there are appropriate governance arrangements in place and enables us to provide support and challenge in relation to service redesign.</p> <p>Specifically, we have also provided input into process mapping exercise under the quality management system workstream and reviewed proposals for required reconciliation under the budget workstream.</p> <p>We have also undertaken a specific piece of work relating to vehicle usage, overtime and the out of hours service which led to a number of recommendations to strengthen the control environment.</p>
Policy Review Group	<p>A working group with cross-council representation set up to review policies and procedures. The initial aim is to look for opportunities to simplify guidance, establish consistency and accessibility including links to the Council Values. We have attended initial working groups with a view to establishing areas of priority.</p>
General audit queries and advice issued	<p>Over the course of the year, we have received and responded to a number of queries and requests for advice from departments and service areas. These have covered a range of themes and areas, with a significant number relating to financial controls and decisions in schools.</p> <p>The dialogue with service areas demonstrates how respected and valued the Internal Audit service is. It also provides a level of procedural oversight and a source of intelligence to feed into the audit planning process.</p>
WYCA Violence Reduction Funding	<p>Recommendations made to strengthen existing processes in respect of grant funding.</p>



Report Title		Audit Opinion / Assurances Provided	
Letting Decision		Further to a risk assessment, assurance obtained that a specific lease was awarded in accordance with agreed procedures and approved delegations.	
Local Welfare Support Scheme		Recommendations made to strengthen controls in respect of potentially fraudulent claims for local welfare support scheme funding.	
Highways Permits		Assurance provided on the arrangements in place including recommendations to strengthen the process regarding the issue of permits for works undertaken on the highways.	
<b>School Audits</b>			
School Audit 1	Control Environment – Acceptable	Compliance – Limited	Organisational Impact – N/A
School Audit 2	Control Environment – Acceptable	Compliance – Limited	Organisational Impact – N/A
School Audit 3	Control Environment – Good	Compliance – Acceptable	Organisational Impact – N/A
School Follow Up 1	Control Environment – Acceptable	Compliance – Acceptable	Organisational Impact – N/A
School Follow up 2	Control Environment – Acceptable	Compliance – Limited	Organisational Impact – N/A
School Purchasing Card Transactions		Review carried out to provide assurance that transactions were appropriate spend in line with Financial Regulations and Contract Procedure Rules at a sample of schools.	

- 1.2 During the year, we have certified 15 School Voluntary Funds and completed 18 reviews which have provided assurance to various central government departments and other bodies that grant conditions have been complied with. These are listed below:

- Green Homes Grant
- Holiday Activities and Food Programme 2022-23 Grant
- West Yorkshire Pension Fund Contributions 2022-23
- Pay As You Earn (PAYE) Settlement Agreement
- Local Transport Fund Block Funding return
- Cycle City Ambition Grant 1 & 2
- Pothole Grant return
- City Regional Sustainable Transport Settlement
- Transforming Cities Fund
- Active Travel Fund Tranche 2 & 3
- Getting Building Fund
- Disabled Facilities Grant 2022/23
- Local Authority Bus Subsidy (Revenue) Grant
- National Productivity Investment Fund (ORR) Cycleway Grant
- LibraryOn – Ask for a book grant
- LibraryOn – Website grant
- Adult Education Budget Funding
- West Yorkshire Plus Transport Fund (including CIP, ELOR & CCAG3)

Report author: Mary Hasnip

Tel: 3789384

## Draft Statement of Accounts 2023/24

Date: 29<sup>th</sup> July 2024

Report of: Chief Finance Officer

Report to: Corporate Governance and Audit Committee

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

### Brief summary

- The report presents the draft statement of accounts for 2023/24 to the committee for information.
- The draft accounts were approved by the Chief Finance Officer on 14<sup>th</sup> June 2024, and have been published for the statutory public inspection period on the council's website.
- The accounts will be subject to audit by Grant Thornton over the autumn and winter, and it is anticipated that the final audited accounts will be presented to the committee for approval in March.

### Recommendations

- a) Members are asked to note the unaudited statement of accounts for 2023/24, which has been certified by the Chief Finance Officer

## **What is this report about?**

- 1 The purpose of this report is to present to the Committee the draft unaudited 2023/24 Statement of Accounts. The Statement of Accounts is included with the agenda as a separate document for Committee members and is also published on the Council's internet site with the Committee papers. Details of roles, responsibilities, and timescales for approving the annual statement of accounts are given from paragraph 10 below.

## **What impact will this proposal have?**

- 2 This is a factual report from the Chief Finance Officer on the Council's 2023/24 financial accounts. The accounts present the council's financial position for the year in the format required by accounting standards, incorporating technical transactions relating to non-spendable reserves in addition to the outturn position which members will already be aware of.
- 3 The main financial issues arising from the statement of accounts are:
  - 3.1 The final outturn position for the year was an overspend, which was funded by the use of £8.5m of corporate earmarked reserves and the application of a number of one-off funding sources. The level of the General Fund Reserve increased by £3m to £36.2m.
  - 3.2 Overall, the Council's net worth has seen a small reduction of £2m during the year, and stands at £4,093m. The level of usable reserves has decreased by a net £26.3m, with usable capital reserves increasing by £21.6m and usable revenue reserves decreasing by £47.9m.
  - 3.3 The position for the Council's mainstream funded Local Government Pension Scheme has again improved to give a net pension asset of £208m, with the non-spendable pensions reserve moving into a positive position. This situation is extremely unusual, and it should be noted that the change in the pensions position reflects the way in which it is required to be measured at the balance sheet date. The estimated value of pension liabilities included in the balance sheet can be volatile and is affected by both the assumed level of inflation and by corporate bond yields, which are used to calculate the discount factor for the current value.
  - 3.4 The value of the Council's land, property and equipment held on the balance sheet has reduced by £79m. This net reduction incorporates £341m of expenditure on new or existing assets, with assets valued at £62m being disposed of during the year.
  - 3.5 Net borrowing during the year for capital and treasury purposes has increased by £64m, in comparison to an increase of £61m in the borrowing element of the capital financing requirement.
  - 3.6 The deficit on the Collection Fund reduced significantly during the year, as the Council and other precepting bodies made the final of three annual contributions towards the deficits which had arisen during 2020/21 due to the impact on council tax and business rates income of the coronavirus pandemic. After taking account of contributions towards prior year deficits, the in-year position was a deficit of £5.5m on council tax and a surplus of £3.7m on business rates. The extent to which this outturn position had not already been taken into account in setting the precepts for 2024/25 will feed into the 2025/26 precepts for council tax and business rates.

- 4 A full analysis of these and other financial issues is included in the Foreword of the Chief Finance Officer which can be found at the front of the accounts.

### **How does this proposal impact the three pillars of the Best City Ambition?**

- Health and Wellbeing       Inclusive Growth       Zero Carbon

- 5 The report relates to the council's underlying financial position rather than to any particular aspect of service delivery.

### **What consultation and engagement has taken place?**

Wards affected:

Have ward members been consulted?       Yes       No

- 6 This is a factual report from the Chief Finance Officer on the Council's 2023/24 financial accounts and consequently no public, ward member or councillor consultation or engagement has been sought.

### **What are the resource implications?**

- 7 This is a factual and retrospective report of the Chief Finance Officer on the financial accounts of the Council for 2023/24. There are no additional financial or value for money implications.

### **What are the key risks and how are they being managed?**

- 8 The Council's external auditors will provide a risk assessment on the accounts process as part of their annual audit plan, which is expected to be presented to the Committee at the September meeting. The specific areas identified as audit risks will be covered as part of their audit work, and any issues arising will be reported to this committee at the meeting at which the final audited accounts are presented for approval.

### **What are the legal implications?**

- 9 The Accounts and Audit Regulations 2015 (as amended) set out the timescales and the roles and responsibilities for approving English local government annual accounts.
- 10 The requirements for approving the statement of accounts are:
- 10.1 The draft accounts are required to be certified as a true and fair view of the Council's financial position by the Responsible Financial Officer, and then to be made available for public inspection for a period of thirty working days.
- 10.2 For 2023/24 the government set the publication date for draft accounts as 31<sup>st</sup> May. Whilst the Council's draft accounts were not finalised until 14<sup>th</sup> June, this is more than a month earlier than for 2022/23 and is an earlier date than in any year since 2018/19. Nationally, only 41% of councils in England published their draft 2023/24 accounts by 31<sup>st</sup> May.
- 10.3 Once the audit process has been completed, this Committee is charged with approving and publishing the final audited accounts on behalf of the Council. For the 2023/24 accounts the current statutory deadline for publishing final audited accounts is 30<sup>th</sup> September 2024.

As the audit will not be completed by the statutory date, a notice must be published on the council's website by 30<sup>th</sup> September to explain the delay.

10.4 To enable members to discharge their responsibilities for approving the accounts, which is expected to be at the March 2025 meeting of the Committee, the following assurances can already be given, or will be given within the approval process :

- a) The Chief Finance Officer in her capacity as the Responsible Financial Officer has signed the draft 2023/24 accounts, confirming that she is satisfied that they present a true and fair view of the Council's financial position.
- b) The accounts have been drawn up in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, which represents proper accounting practice for local authorities, as required by the Accounts and Audit Regulations 2015.
- c) Grant Thornton will be undertaking a detailed audit of the accounts to ascertain that, in their view, the accounts show a true and fair view of the Council's financial position. They will report any significant issues back to this Committee.
- d) Stakeholders have thirty working days while the accounts are on deposit to look through the accounts and supporting documentation and raise any questions with the auditors or to object to the accounts. If considered an eligible objection the auditors would investigate the complaint or questions and determine whether the accounts needed amendment. Any significant issues raised in this way would be reported back to this Committee. For 2023/24, the public inspection period runs from 17<sup>th</sup> June until 26<sup>th</sup> July, and a verbal update on the number of inspection and objection requests will be provided at the meeting.
- e) Members have the opportunity to question officers on any aspect of the accounts at this Committee, or at the subsequent meeting of the Committee which is requested to approve the accounts (expected to be in March 2025). In addition, informal briefing sessions will be held for members before the final audited accounts are presented to the Committee for approval.

## **Options, timescales and measuring success.**

### **What other options were considered?**

11 The report presents the 2023/24 draft statement of accounts to the Committee and does not relate to a proposed course of action requiring options.

### **How will success be measured?**

12 The results of Grant Thornton's 2023/24 audit will be reported to the Committee.

### **What is the timetable and who will be responsible for implementation?**

13 The report relates to financial performance in the 2023/24 financial year rather than to future actions which would require implementation.

## **Appendices**

- None

## Background papers

- None

This page is intentionally left blank



## Grant Thornton Audit Risk Assessment Enquiries 2023/24

Date: 29<sup>th</sup> July 2024

Report of: the Chief Finance Officer

Report to: Corporate Governance and Audit Committee

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

### Brief summary

This report presents a series of enquiries from Grant Thornton which will inform their audit risk assessment for the 2023/24 audit. The enquiries cover accounting issues, arrangements to address the risk of fraud, and legal issues.

Grant Thornton have requested that the responses to their enquiries are drafted by officers and formally considered by Members at a meeting of the Committee. The questions and proposed responses are attached as Appendix 1 to this report.

### Recommendations

- a) Members are asked to consider the responses proposed by officers to Grant Thornton's enquiries, and to confirm whether these are consistent with Members' understanding of the Council's arrangements in these areas.

### **What is this report about?**

- 1 Whilst the audit of the 2022/23 statement of accounts is ongoing, Grant Thornton are undertaking planning work for their 2023/24 audit, so that the main 2023/24 statement of accounts audit can start shortly after the conclusion of the 2022/23 audit.
- 2 As part of their audit planning work, Grant Thornton have requested that the Council's responses to their enquiries are formally considered at a meeting of the Committee. Once the audit is complete the Committee will be asked to approve the final audited statement of accounts on behalf of the Council, and the responses to these enquiries form a stage in the assurances received by the Committee towards that approval.

### **What impact will this proposal have?**

- 3 The report outlines officers proposed responses to Grant Thornton's audit risk enquiries.

### **How does this proposal impact the three pillars of the Best City Ambition?**

Health and Wellbeing

Inclusive Growth

Zero Carbon

- 4 The report relates to the council's underlying financial governance arrangements rather than to any specific aspect of service delivery.

### **What consultation and engagement has taken place?**

Wards affected:

Have ward members been consulted?

Yes

No

- 5 The report does not raise any issues requiring consultation or engagement with ward members.

### **What are the resource implications?**

- 6 There are no direct resource implications arising from these enquiries.

### **What are the key risks and how are they being managed?**

- 7 Grant Thornton's enquiries cover the Council's arrangements to mitigate against the risks of fraud and of accounting misstatements. The responses explain how these areas of risk are managed.

### **What are the legal implications?**

- 8 Grant Thornton's enquiries include sections relating to assurances over the Council's compliance with laws and regulations.

### **Options, timescales and measuring success.**

#### **What other options were considered?**

- 9 The report summarises the Council's proposed responses to enquiries made by Grant Thornton as part of their 2023/24 audit.

**How will success be measured?**

10 Grant Thornton will report the conclusions from their audit work to the Committee once the 2023/24 audit is completed.

**What is the timetable and who will be responsible for implementation?**

11 Grant Thornton aims to present an ISA 260 report on the 2023/24 financial statements to the March 2025 meeting of the Committee.

**Appendices**

- Appendix 1 is Grant Thornton's document 'Informing the Audit Risk Assessment for Leeds City Council 2023/24', completed to show the Council's proposed responses to the questions posed.

**Background papers**

- None

This page is intentionally left blank

# Informing the audit risk assessment for Leeds City Council 2023/24

Page 69

**Draft Responses Proposed  
by Management for review  
by the Committee**



The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

# Table of Contents

	<b>Section</b>	<b>Page</b>
	Purpose	4
	General Enquiries of Management	6
	Fraud	9
Page 71	Fraud Risk Assessment	10
	Laws and Regulations	15
	Impact of Laws and Regulations	16
	Related Parties	18
	Going Concern	20
	Accounting Estimates	22
	Accounting Estimates - General Enquiries of Management	23
	Appendix A – Accounting Estimates	26

## Purpose

The purpose of this report is to contribute towards the effective two-way communication between Leeds City Council's external auditors and Leeds City Council's Corporate Governance and Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Corporate Governance and Audit Committee under auditing standards.

## Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Corporate Governance and Audit Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Corporate Governance and Audit Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Corporate Governance and Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Corporate Governance and Audit Committee and supports the Corporate Governance and Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

## Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Local Authority's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.



## Purpose

This report includes a series of questions on each of these areas and the response we have received from Leeds City Council's management. The Corporate Governance and Audit Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

# General Enquiries of Management

Question	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2023/24?	For 2023/24, the most significant impact on the Council's financial position came from the increased costs of providing childrens social care services, where both the numbers of children looked after and the unit costs of care continued to increase. The overspend in this area was partly funded by the use of earmarked reserves.
2. Have you considered the appropriateness of the accounting policies adopted by Leeds City Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?	The council's accounting policies are in line with those recommended in CIPFA's Code of Practice on Local Authority Accounting. The council has considered whether any changes were necessary for 2023/24 due to changes in Code requirements or for any other reasons, and has not changed any of its policies.
3. Is there any use of financial instruments, including derivatives? If so, please explain	<p>Given that the definition of financial instruments is wide and includes for example trade debtors and creditors, the answer to the first part of this question would always be yes for all local authorities.</p> <p>The Council does not have any derivatives or any financial instruments with separable embedded derivatives.</p>
4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?	We are not aware of any.

## General Enquiries of Management

Page 75

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	We are not aware of any general changes in circumstances which would affect the overall asset portfolio. A full review for potential impairment of individual assets is carried out as part of the normal closedown process and working papers are provided.
6. Are you aware of any guarantee contracts? If so, please provide further details	We are not aware of any financial guarantee contracts.
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	None to our knowledge. The Council believes that it has made appropriate reserves in its accounts in respect of its known and unknown potential liabilities.
8. Other than in house solicitors, can you provide details of those solicitors utilised by Leeds City Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	The Council is party to a regional framework agreement and most solicitors used by the Council are sourced from that framework, and in accordance with the Council's Contract Procedure Rules. In exceptional cases where the complexity and niche nature of the work requires, specialist solicitors who are not on the framework are selected. Some work in the Housing Disrepair team is contracted out to external solicitors. This legal work may remain open for more than one financial year.

# General Enquiries of Management

Page 76

Question	Management response
<p>9. Have any of the Leeds City Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details</p>	<p>Neither Legal Services nor Procurement &amp; Commercial Services are aware of any such reports. The Council includes a standard clause in its procurement contracts requiring contractors to notify the Council immediately if they have any reason to suspect that fraud has occurred or is likely to occur.</p>
<p>10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?</p>	<p>Please see reply to Q8 above – the same is the case for the use of Counsel for Social Care Children's work who are usually selected from a regional framework agreement, where specialist skills, knowledge of experience are needed. That framework came to an end in August 2023, and a new framework is currently out for tender. In addition, there is a framework for the use of Counsel in Planning and Highways matters; and from time to time the Council will instruct Counsel on other matters across Legal Services, for example in relation to adult social care matters or in general litigation, where there is no framework agreement in place. In these circumstances, arrangements with Counsel are entered into in accordance with the Council's Contract Procedure Rules.</p> <p>In other areas, the Council uses specialist advisers to inform its Treasury management activities on an ongoing basis.</p> <p>The Council does from time to time employ consultants to provide advice in relation to specific projects. These are appointed in accordance with Contract Procedure Rules.</p>
<p>11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details</p>	<p>Financial assets have been reviewed for expected credit loss provisions as part of the closedown process. Working papers will be provided during the audit.</p>

# Fraud

## Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Corporate Governance and Audit Committee and management. Management, with the oversight of the Corporate Governance and Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Corporate Governance and Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As Leeds City Council's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

Page 77 As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Corporate Governance and Audit Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Corporate Governance and Audit Committee oversees the above processes. We are also required to make inquiries of both management and the Corporate Governance and Audit Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from Leeds City Council's management.

# Fraud risk assessment

Question	Management response
<p>1. Has Leeds City Council assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Local Authority's risk management processes link to financial reporting?</p>	<p>The Committee is kept informed of the various processes the Council has in place to prevent and detect fraud. This is ongoing throughout the year. The assurance that the financial statements are free from material misstatement due to fraud is a consequence of the assurances gained from these ongoing processes.</p> <p>Please see the response to Q6 below for the process for identifying and responding to the risk of fraud.</p> <p>Risk management is very much at the heart of the Council's approach to financial planning and in-year budget monitoring. The annual budget and the assessment as to the robustness of estimates and adequacy of reserves is supported by a budget risk register which is reviewed by the Finance Performance Group, with new in-year risks identified where appropriate. Additionally, each council directorate risk register includes a risk on failing to balance their in-year budget. The directorate risk registers are updated and reported quarterly. The Resources directorate risk register includes a risk on Fraud and Corruption: Internal or external fraud / corruption has a significant impact on the Council. This risk is reviewed and updated by Internal Audit, and any issues relating to this risk can be escalated to CLT for discussion.</p> <p>Our regular financial monitoring reports to Executive Board also enable new risks which have a real or potential financial impact to be identified. In addition, the following risks are identified on the Council's corporate risk register and reviewed on a quarterly basis by the Council's Corporate Leadership Team:</p> <ul style="list-style-type: none"> <li>- Council's financial position goes into significant deficit in the current year resulting in reserves (actual or projected) being less than the minimum specified by the council's risk-based reserves policy</li> <li>- Failure to address medium term financial pressures in a sustainable way.</li> </ul>

# Fraud risk assessment

Question	Management response
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>The council's view is that invoices for goods and services (i.e. non-pay expenditure) is the transaction type most at risk from attempted fraud. However the council is satisfied that it has controls in place to minimise this risk, and these are subject to periodic review by Internal Audit. We regularly highlight to staff the risks of payments to fraudulent suppliers via the most appropriate communication to remind staff to remain vigilant and to follow established processes.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Leeds City Council as a whole, or within specific departments since 1 April 2023? If so, please provide details</p>	<p>There are no specific instances that we are aware of that would materially affect the financial statements. We report all activity, including referrals received, by type of concern being raised, to the CGAC on a twice yearly basis.</p>

# Fraud risk assessment

Page 80

Question	Management response
<p>4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>There is an annual assurance report to Corporate Governance and Audit Committee on the Risk Management arrangements within the Council.</p> <p>Internal Audit are custodians of the counter fraud policy framework and have corporate oversight of the fraud risk. Internal Audit are responsible for receiving reports of fraud and corruption and other concerns under the remit of the Whistleblowing Policy. There are some other areas with responsibility for counter fraud activity within specialist teams and functions. Assurances around activities and outcomes in these areas are reported to Corporate Governance and Audit Committee, through the twice yearly counter fraud update report.</p>
<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within Leeds City Council where fraud is more likely to occur?</p>	<p>None that haven't previously been reported to those charged with governance.</p> <p>We have no concerns that there are areas where there are control weaknesses as such that would result in a fraud materially affecting the accounts. However, the techniques used to commit fraud are continually evolving as technology and AI advance therefore Internal Audit are reviewing our counter fraud and corruption strategy to drive a counter fraud culture across the authority where everyone has an awareness of fraud risks. This should increase the council's ability to prevent and detect fraud.</p> <p>We have an understanding of the areas susceptible to fraud, and maintain a watching brief to keep appraised of new and emerging fraud risks.</p>



# Fraud risk assessment

## Question

6. What processes do Leeds City Council have in place to identify and respond to risks of fraud?

## Management response

The council has an established risk management process that directs risk owners to put appropriate mitigating actions in place. This includes having several teams across the council that undertake counter-fraud work in specific areas where there is risk of fraud.

The risk-based Internal Audit Plan includes resource that is allocated to proactive and reactive counter fraud work. The risk of fraud is considered within the scope of all planned audit work.

Internal Audit networks across the core cities and South and West Yorkshire regularly liaise on fraud risks.

Fraud awareness training is available for all staff.

Counter-fraud policies and procedures are in place and are regularly reviewed.

There is an established whistleblowing policy through which staff and members of the public may raise their concerns, and a procedure for those concerns to be investigated and addressed.

# Fraud risk assessment

## Question

7. How do you assess the overall control environment for Leeds City Council, including:

- the existence of internal controls, including segregation of duties; and
- the process for reviewing the effectiveness the system of internal control?

If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?

What other controls are in place to help prevent, deter or detect fraud?

Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details

## Management response

### Existence of controls

The Annual Governance Statement summarises the high level internal controls and assurance arrangements. No significant concerns have been raised as part of this process.

The Internal Audit Planning process uses a risk-based approach and gives coverage of key systems across the organisation. The work undertaken by Internal Audit throughout the year and their overall opinion at the year-end provides assurance that the Council has overall satisfactory internal control processes in place.

### Review of controls

There is a thorough process for producing the Annual Governance Statement based on a suite of assurances from individual reviews that cover the key areas of internal control. Internal Audit has a role in reviewing the effectiveness of internal control. In addition we have implemented a recommendation tracker to establish the degree of implementation of recommendations raised within audits and investigations. The Internal Audit function is subject to an external review every 5 years and this has confirmed that Internal Audit conforms to the Public Sector Internal Audit Standards

Internal Audit coordinate participation in the NFI data matching exercise. Internal Audit regularly communicate the risks of fraud through various communication channels to make staff aware of any emerging fraud risks and how to report concerns. Please see the response to Q6 for additional controls in place in relation to fraud.

The council is not aware of any areas where there is potential for override of system controls and there are adequate controls to safeguard the integrity of financial reporting.

# Fraud risk assessment

Question	Management response
8. Are there any areas where there is potential for misreporting? If so, please provide details	None that the council including Internal Audit are aware of.
<p>9. How does Leeds City Council communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>The council's values encompassing how the council works are</p> <ul style="list-style-type: none"> <li>• Being open, honest and trusted</li> <li>• Treating people fairly</li> <li>• Spending money wisely</li> <li>• Working as a team for Leeds</li> <li>• Working with all communities</li> </ul> <p>The values are embedded within the Best City Ambition and the Employee Code of Conduct and committee receive an Annual Assurance report from HR on these matters. Further communication is via the appraisal process, meetings and established communication channels. Professional ethics and standards are in place where relevant. The Whistleblowing Policy is in place which adheres to best practice including the provision for reporting concerns and contact details for External Audit. The Whistleblowing reporting channels are available for members of staff to raise their concerns, on the phone, by email, by letter. This is highlighted to staff via regular communications throughout the year (e.g. World Whistleblower Day) and in the Fraud Awareness Training. The Whistleblowing Policy highlights the types of issues that should be reported and contact details for fraud relating to areas outside Internal Audits remit. In addition to this the council's position in relation to anti-bribery and anti-money laundering is set out in associated policies. All these polices are also published on the Fraud and Corruption toolkit on Insite.</p>
	<p>Any significant reported issue would be included in the regular Internal Audit update to the committee at the appropriate stage of any investigation. There have been no significant issues that would warrant any disclosure/having a material impact on the accounts.</p>

# Fraud risk assessment

Question	Management response
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>The Council considers that the highest risk is from direct pecuniary advantage via fraudulent transactions, rather than the potential to misrepresent financial results. The relevant posts are those that have been identified for declaration of interests and have been reviewed with Chief Officers. These are reviewed on a yearly basis, and the procedures and controls in place are reported to the Committee within the annual assurance report from HR.</p> <p>The potential for fraudulent material misrepresentation of the financial outturn position of services is considered to be a lower risk. In addition to the Officers Code of Conduct and professional standards being in place, the risk is mitigated by the overall budget monitoring process and outturn reporting process which involve review within directorate finance teams and collective oversight by Financial Performance Group. Access to input transactions to the ledger is restricted to appropriate individuals.</p>
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>The council is not aware of any such instances. These are reviewed as part of the biannual NFI exercise and through the yearly register of interests and gifts and hospitality review by directorate management teams.</p> <p>Please see the response in the Related Parties section for the general controls in place.</p>

## Fraud risk assessment

Question	Management response
<p>12. What arrangements are in place to report fraud issues and risks to the Corporate Governance and Audit Committee?</p> <p>How does the Corporate Governance and Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>All areas of counter fraud activity, including outcomes are reported to Corporate Governance and Audit Committee through the twice yearly Counter Fraud Update reports.</p> <p>Where weaknesses in the internal control environment limit the assurances that we are able to provide within the audit process, our updates provide additional information to the Committee to enable members to exercise oversight on a risk basis. Internal Audit's recommendation tracking and follow up audit process helps to ensure management address areas of particular risk.</p> <p>Counter fraud reports issued to service management include recommendations to address weaknesses in the control environment and these are subject to recommendation tracking as described above.</p> <p>The reporting of these outcomes to Corporate Governance and Audit Committee provides the committee with a source of assurance that the arrangements are effective.</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>Information on allegations made through the Whistleblowing Policy and outcomes are reported to the Corporate Governance and Audit Committee through Internal Audit's regular update reports. No allegation has been made that causes us concern over the integrity of the financial accounts.</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>None that the Council including Internal Audit are aware of.</p>

# Law and regulations

## Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Corporate Governance and Audit Committee, is responsible for ensuring that Leeds City Council's operations are conducted in accordance with laws and regulations, including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Corporate Governance and Audit Committee as to whether the body is in compliance with laws and regulations. Where we become aware of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

# Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Leeds City Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Local Authority's regulatory environment that may have a significant impact on the Local Authority's financial statements?</p>	<p>The Council has an in-house Legal Services team which advises officers and Members on matters relating to all of the Council's functions. In addition, Legal Services reviews all reports which Services present to the Council's Executive Board. These reports include provision for any legal implications. In addition, the Council's Monitoring Officer is under a duty to ensure the Council fulfils its statutory obligations and to report to Council on matters they believe are, or are likely to be, unlawful or amount to maladministration. The Monitoring Officer is also responsible for matters relating to the conduct of councillors, and for the operation of the Council's constitution. As part of the Monitoring Officer's responsibilities a review of the Constitution and Decision Making has been undertaken, which is done periodically as good practice. This was concluded in 2023/24 and will be implemented in the coming municipal year.</p> <p>We are not aware of any such changes to the Council's regulatory environment.</p>
<p>2. How is the Corporate Governance and Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>Please see the response to Q1 above. In addition the committee receive a number of Annual reports which provide assurance that council functions and services have arrangements in place to meet relevant statutory and regulatory frameworks.</p>

# Impact of laws and regulations

Page 88

Question	Management response
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2023 with an on-going impact on the 2023/24 financial statements? If so, please provide details</p>	<p>During the 2023/24 financial year there were 3 alleged matters where judgement was found in favour of the Council in claims for Judicial Review, and another alleged non-compliance, where permission to bring an Application for Judicial Review against the Council was refused. There was no on-going impact on the 2023/24 financial statements from these matters.</p> <p>During the course of the financial year the Local Govt and Social Care Ombudsman made approximately 20 findings of fault where Education Health &amp; Care needs assessments and/or Plans fell outside the statutory time limits. <b>Ex gratia payments [approx. scale?]</b> were made in respect of each finding, but there was no on-going impact on the 2023/24 financial statements from these matters.</p>
<p>4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details</p>	<p>Any such outstanding matters are considered for either inclusion or disclosure within the statement of accounts as appropriate.</p>



# Impact of laws and regulations

Page 89

Question	Management response
<p>5. What arrangements does Leeds City Council have in place to identify, evaluate and account for litigation or claims?</p>	<p>Claims are identified as such when the Council receives notification of an allegation of negligence which has resulted in harm from Claimants, their solicitors or Councillors acting on their behalf. Most claims are initially managed in the Council's insurance section who assess the potential value in respect of costs and damages in conjunction with the Council's insurance actuaries. Legal Services receive other claims direct and then take instructions from the relevant department, for example competition, disrepair and private sector housing claims. The value of claims is assessed by reference to case law and the Judicial Studies Guidance. When claims become litigated the conduct of the litigation is managed within the Claims Litigation Team of the Council's Legal Services, or by external solicitors for outsourced claims. The Council's Legal Services is Lexcel accredited and therefore complies with industry standards best practice in terms of managing its legal work.</p>
<p>6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details</p>	<p>There have been no such reports.</p>

# Related Parties

## Matters in relation to Related Parties

Leeds City Council are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

- bodies that directly, or indirectly through one or more intermediaries, control, or are controlled by Leeds City Council;
- associates;
- joint ventures;
- a body that has an interest in the authority that gives it significant influence over the Local Authority;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Local Authority, or of any body that is a related party of the Local Authority.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Local Authority's perspective but material from a related party viewpoint then the Local Authority must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

## Related Parties

### Question

1. Have there been any changes in the related parties including those disclosed in Leeds City Council's 2022/23 financial statements?

If so please summarise:

- the nature of the relationship between these related parties and Leeds City Council
- whether Leeds City Council has entered into or plans to enter into any transactions with these related parties
- the type and purpose of these transactions

### Management response

The council's related parties fall into four broad groups, which are unchanged from previous periods :

- i) Government and other public sector bodies
- ii) Council members and their interests
- iii) Senior officers and their interests
- iv) Group entities

There have been numerous routine transactions during the year with the government and with other public sector bodies. Details of these and any transactions falling into other groups are covered as part of the normal closedown process and working papers are provided.

## Related Parties

### Question

2. What controls does Leeds City Council have in place to identify, account for and disclose related party transactions and relationships?

### Management response

As required by legislation, the Council's procedures require both Members and senior officers to disclose any pecuniary interests. Registers of these interests are maintained and Members and senior officers are requested to review their disclosures annually, in addition to being required to disclose any new interests as they arise.

In compiling the related parties disclosure in the accounts, the two registers of interests are compared to the ledger to identify any transactions which have taken place with any entities or individuals which have been identified as related parties. A review is also undertaken to evaluate transactions during the year with the government and other public bodies for inclusion in the related parties disclosure where these are not required to be disclosed in other sections of the accounts. Transactions with group entities are reviewed and disclosed in the Group disclosure note.

The NFI matching exercise referred to in Q7 of the Fraud risk assessment section would help to detect any instances of non-disclosure of interests.

## Related Parties

### Question

3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?

### Management response

The Council has in place arrangements for delegated decision-making to ensure that all transactions are approved at an appropriate level and with adequate recording and segregation of duties.

Where a Member has a disclosable pecuniary interest they are precluded from taking any part in meetings or decisions related to their previously disclosed interest, unless an appropriate dispensation has been granted. The existence of the procedures described above ensure that the council is able to both identify where a Member has an interest, and take action to ensure that there is no participation in any decisions relevant to their interest.

Senior officers are similarly precluded from involvement in decisions in which they have a disclosable interest. Furthermore the employee code of conduct precludes an officer from making any decision which is not in the best interests of the council and does not represent value for money.

For 2023/24 all key and significant decisions were published on the council's website and are available for public inspection, scrutiny and challenge as part of the council's constitutional arrangements. This framework ensures that both the scope for related party transactions is minimal, and that disclosure is provided where any such transactions may have occurred.

## Related Parties

Question	Management response
4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?	The Council has in place arrangements for delegated decision-making to ensure that all transactions are approved at an appropriate level and with adequate recording and segregation of duties. All key and significant decisions during the year were published on the council's website and are available for public inspection, scrutiny and challenge as part of the council's constitutional arrangements.

# Going Concern

## Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the body's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for local government bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

# Going Concern

Page 96

Question	Management response
<p>1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by Leeds City Council will no longer continue?</p>	<p>The ongoing budget monitoring arrangements involve regular discussions between Financial Management staff and service managers to ensure that any known changes affecting future service delivery are reflected in financial projections.</p> <p>It should be noted that any change to the statutory services which a council is required to provide would require changes to legislation or regulations, which would be actively publicised by the government and would normally require consultation.</p>
<p>2. Are management aware of any factors which may mean for Leeds City Council that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?</p>	<p>We are not aware of any such factors.</p>



# Going Concern

Question	Management response
<p>3. With regard to the statutory services currently provided by Leeds City Council, does Leeds City Council expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for Leeds City Council to cease to exist?</p>	<p>Leeds City Council expects to continue to deliver all of the statutory services which it currently delivers for the foreseeable future. There are no plans for Leeds City Council to cease to exist.</p>
<p>4. Are management satisfied that the financial reporting framework permits Leeds City Council to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?</p>	<p>Management are satisfied that the Council's accounts are required to be prepared on a going concern basis, and that this will provide a faithful representation of items within the financial statements.</p>

# Accounting estimates

## Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the body's risk management process identifies and addresses risks relating to accounting estimates;
- The body's information system as it relates to accounting estimates;
- The body's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Corporate Governance and Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Corporate Governance and Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

# Accounting Estimates - General Enquiries of Management

Question	Management response
<p>1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?</p>	<p>The most material items which require estimation in the production of the accounts are the valuation of land and property assets, pensions assets and liabilities, heritage assets, the value of provisions for business rates appeals and insurance claims, and the value of bad debt / impairment provisions for local taxation and housing rents.</p>
<p>2. How does the Local Authority's risk management process identify and address risks relating to accounting estimates?</p>	<p>Risk management is a key part of the Council's approach to financial planning and in-year budget monitoring. The annual budget and the assessment as to the robustness of estimates and adequacy of reserves is supported by a budget risk register which is reviewed by the Finance Performance Group, with new in-year risks identified where appropriate. Our regular financial monitoring reports to Executive Board also enable new risks which have a real or potential financial impact to be identified. Those accounting estimates which have an impact on the council's financial standing and its spendable reserves are covered by this process.</p>
<p>3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?</p>	<p>For land and property valuations, the council uses qualified valuers (both internal and external), and for pensions the council uses the actuaries appointed to the West Yorkshire Pension Fund. Both valuers and actuaries provide expert advice on the methods and assumptions to be used in their valuations, so that these are compliant with the accounting Code. The expert advice is reviewed by officers within the final accounts team.</p> <p>Provisions (for both liabilities and debtor impairment) are calculated by the relevant finance team, based on all available information for the relevant item or population. Methods used for debt impairment are in line with those required by the Code. Any changes to the annual Code are reviewed by the corporate finance team and advice is issued to directorate finance teams if any changes are potentially required.</p>

# Accounting Estimates - General Enquiries of Management

Question	Management response
<p>4. How do management review the outcomes of previous accounting estimates?</p>	<p>Explanations are requested for any major year-on-year changes in the valuation of land and property assets to determine whether there is any indication of errors in previous valuations. The pension fund actuary provides explanations for year-on-year changes, which are reviewed. Due to the requirement to use market data as at the balance sheet date, pensions liability estimates include an inherent element of volatility.</p> <p>For the annual calculation of provisions, up-to-date data is used and the call on the provision during the previous financial year is considered, which ensures that the outcome of previous estimations is taken into account.</p>
<p>5. Were any changes made to the estimation processes in 2023/24 and, if so, what was the reason for these?</p>	<p>No changes were made in comparison to the previous financial year.</p>

# Accounting Estimates - General Enquiries of Management

Question	Management response
<p>6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?</p>	<p>It should be noted that the CIPFA Code requires or recommends that appropriately qualified experts are used to advise in some particular areas, and the Council follows this guidance. These are areas which require specific knowledge, qualifications or experience beyond that normally within the scope of accounting professionals. By extension there are other areas beyond those specified by the Code where this applies, which are in general apparent as part of the ongoing service / budget management process. The most significant example is the insurance provision, where the council incorporates claims assessment advice from its insurance actuary on the potential cost of individual claims.</p>
<p>7. How does the Local Authority determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?</p>	<p>For land and property valuations, internal valuations are reviewed by another qualified valuer, and external property valuations are also peer reviewed. Similarly, the estimation of significant provisions within Financial Services is reviewed at a senior level. The pension fund actuaries operate within the requirements of their own professional standards.</p>
<p>8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?</p>	<p>Reviews of valuations as described above are evidenced. The requirement for peer review of external valuations is included within the valuation reports received.</p> <p>The Council has received information from the pension fund actuaries explaining the control procedures that they have in place and the assurances that they can therefore provide.</p>

# Accounting Estimates - General Enquiries of Management

Question	Management response
<p>9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including:</p> <ul style="list-style-type: none"> <li>- Management's process for making significant accounting estimates</li> <li>- The methods and models used</li> <li>- The resultant accounting estimates included in the financial statements.</li> </ul>	<p>The Committee receives an annual report on Financial Management and Control arrangements within the Council, which provides assurance over adherence to professional accounting standards and that there are appropriate systems and procedures in place to ensure all aspects of sound financial management. In addition to the ongoing arrangements, the draft statement of accounts is reviewed by the CFO and DCFO, as evidenced by the assurance given by the Chief Finance Officer's approval of the accounts.</p> <p>Members of the committee are briefed on the draft statement of accounts covering significant items and have the opportunity to ask for further information on any figures included within the accounts.</p>
<p>10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?</p>	<p>The Council is not aware of any additional significant accounting estimations other than those included in Appendix A.</p>

# Accounting Estimates - General Enquiries of Management

Question	Management response
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	Management are satisfied that the arrangements comply with professional standards and accounting requirements, including the use of experts where appropriate and ensuring any changes to accounting requirements are implemented. Management are therefore satisfied that the arrangements are reasonable.
12. How is the Corporate Governance and Audit Committee provided with assurance that the arrangements for accounting estimates are adequate ?	The Committee receives an annual report on Financial Management and Control arrangements within the Council, which provides assurance that there are appropriate systems and procedures in place to ensure all aspects of sound financial management. In addition to the assurance given by the Chief Finance Officer's approval of the accounts, Members have the opportunity to review the draft accounts and to ask detailed questions about any aspect of them.

## Appendix A Accounting Estimates

Page 104

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuations	Current value in existing use or DRC or historic cost, as appropriate for asset class.	Independent review by qualified valuer & reasonableness check by Finance.	Yes – including external for several properties	Estimation uncertainty was limited as the estimate was undertaken by recognised valuation methods and pragmatic, previously used, assumptions, together with an authorisation procedure in accordance with RICS Red Book practice.	No change to the method.
Council dwelling valuations	CVEU, adjusted for regional social housing factor.	Independent review by qualified valuer & reasonableness check by Finance.	Partly	No out of the ordinary level of uncertainty applies, as the volume of transactions has recovered following covid.	No change to the method.
Investment property valuations	Fair value (i.e. market value)	Independent review by qualified valuer & reasonableness check by Finance.	Yes – including external for some larger properties	Estimation uncertainty was limited as the estimate was undertaken by recognised valuation methods and pragmatic, previously used, assumptions, together with an authorisation procedure in accordance with RICS Red Book practice.	No



## Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Depreciation	Straight line based on opening balances with no assumed residual value.	Review & reasonableness check.	No	Annual revaluations of all significant value assets reduces the potential for uncertainty.	No
Assets Held for Sale	Lower of carrying value & fair value less costs to sell.	Independent review by qualified valuer & reasonableness check by Finance.	Yes (Internal)	In accordance with current RICS guidance, material uncertainty for no-dwelling assets has been disclosed at the balance sheet date.	No
Valuation of defined benefit net pension fund liabilities	On an actuarial basis using the projected unit method (as required by accounting standards).	LCC review of input data; review & reasonableness checks in place within actuary.	Yes (external)	Sensitivity analysis for the main assumptions is disclosed as required.	No
Valuation of fair value estimates (including use of Level 2 inputs)	In accordance with accounting standards, using the FV hierarchy. All estimates for 22/23 are level 2, i.e. based on directly or indirectly observable data.	Independent review for investment property valuations and Treasury FV disclosures. Reasonableness check for others.	Yes for some items (external)	Please see comments for investment properties and investments.	No

## Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Fair Value of Debt Instruments estimate (PFI, PWLB loans etc.)	In accordance with accounting standards, using the FV hierarchy. All estimates for 22/23 are level 2, i.e. based on directly or indirectly observable data.	Independent advice for Treasury and PFI FV disclosures.	Yes (external)	Please see comments for investment properties and investments.	No
Provisions	Large volume/low value claim populations – based on latest claims data and past success rates. One-off liabilities – based on best available information.	Budget monitoring, review of individual significant accruals and reasonableness review.	Yes (external) for the Insurance provision only.	Limited uncertainty for large volume/low value populations due to factual nature of inputs. Currently no material one-off liabilities requiring provisions. Any difference between the estimations and outcomes would be reflected in future financial periods.	No

## Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Contingent liabilities (and contingent assets)	These are all one-off items and an assessment is made on the basis of the best available information.	Potential contingent assets and liabilities are reviewed on a quarterly basis during the year. The position is updated at year end as part of the closedown process.	No	Contingent liabilities and assets are by their nature uncertain in either their likelihood or their value (or both). For any which are potentially material, disclosure is made explaining the nature of the uncertainty.	No
Credit loss and impairment allowances	Large volume/low value debtor populations – based on past default rates and any known new factors. Large one-off debtors – based on any known information.	Review of most significant provisions and overall reasonableness checks.	Partly – for default rates relating to financial institutions (external)	Limited uncertainty for large volume/low value populations due to the volume of historical data used. Any difference between the estimations and outcomes would be reflected in future financial periods.	No

## Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Finance lease liabilities	Actuarial method as required by accounting standards, using expert valuation of asset value & expected life for property leases.	Proforma used to highlight errors in interest rates for whole life calculation.	Yes (internal) for property input data.	Estimation is largely a mechanical calculation based on input data. Some (but not all) leases require qualified valuer opinions within the input data.	No
PFI Liabilities	Actuarial method as required by accounting standards, using the contractor's financial model.	Proforma used to highlight errors in interest rates for the whole life calculation.	No	Estimate is fixed at the start of the contract unless terms are renegotiated, and is a calculation based on the original financial model as required. The Code does not permit alternatives.	No
Other (please add)					



This page is intentionally left blank

## Interim Annual Governance Statement

Date: 29 July 2024

Report of: Chief Officer Financial Services

Report to: Corporate Governance and Audit Committee

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

### Brief summary

This report supports the fulfilment of the Council's statutory duty to produce an annual governance statement.

The Interim Annual Governance Statement (Appendix A) is shared with the committee for information prior to finalisation following the period of public deposit.

The final Annual Governance will be submitted to Committee for approval at its September meeting.

### Recommendations

- a) Corporate Governance and Audit Committee are asked to consider and note the contents of the Interim Annual Governance Statement.

### What is this report about?

- 1 This report follows from the annual review of internal control which was undertaken prior to submitting the corporate governance framework and assurance map to committee at its June meeting.
- 2 The report presents the Interim Annual Governance Statement which was published for public inspection on Monday 17<sup>th</sup> June 2024.

### What impact will this proposal have?

- 3 This report ensures the committee's oversight of statutory processes, which have been carried out in accordance with proper practice as required by regulation and set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice: Delivering Good Governance in Local Government (2016) (Proper Practice).

### Local Code of Corporate Governance.

- 4 In March 2022, the committee approved the Local Code of Corporate Governance (The Code) which is reviewed in line with and meets the requirements of proper practice. The Code sets out Seven Principles (derived from the Delivering Good Governance in Local Government: Framework (CIPFA / Solace 2016), which is a best practice framework for developing and maintaining a locally adopted code of governance) each of which is supported by a set of commitments.

### Corporate Governance Framework and Assurance Map.

- 5 In June 2024, in accordance with paragraph 4.2 of the Code, committee received the corporate governance framework and assurance map, articulating the arrangements in place to meet each principle and commitment (the Governance Framework), and the evidence to provide sufficient assurance that the effectiveness of these arrangements has been monitored and evaluated in the year (the Assurance Map) and can be shown to be effectively embedded and complied with.
- 6 Whilst not intended to provide an exhaustive list of arrangements, or of the evidence available, the committee have sufficient information to be satisfied that those arrangements in place comply with the Code and are efficiently and effectively embedded. Separately the committee can consider the independent assurance provided by Internal Audit through their regular update reports to committee which further supports the review of internal control.

### Interim Annual Governance Statement

- 7 Proper Practice recognises that the annual governance statement (AGS) is a valuable means of communication. It enables the council to explain to the community, service users, taxpayers, and other stakeholder its governance arrangements and how the controls it has in place manage risk of failure in delivering its outcomes. It provides that the AGS should:
  - a) Provide a meaningful and brief communication regarding the review of governance that has taken place, including the role of the governance structures involved.
  - b) Be high level, strategic and written in an open and readable style.
  - c) Reflect an individual authority's particular features and challenges.
  - d) Be focused on outcomes and value for money and relate to the authority's vision for the area.
  - e) Provide an assessment of the effectiveness of the authority's governance arrangements in supporting the planned outcomes.
- 8 Together with the accounts and narrative statement, the AGS is required to be placed on public deposit for a period of 30 days during which the public can object, inspect, and question the local auditor in relation to these documents.
- 9 The Interim Annual Governance Statement attached at Appendix A was placed on public deposit on 17<sup>th</sup> June with the period for objections or questions to be raised ending on 26<sup>th</sup> July 2024. Whilst at the time of writing no such questions or objections have been raised a verbal update will be provided to committee at the meeting.



## Action Planning

- 10 Proper practice recognises that the process of preparing the governance statement should itself add value to the effectiveness of the governance and internal control framework. As such it is required that the statement includes:
- An agreed action plan showing actions taken, or proposed, to deal with significant governance issues, and
  - Reference to how issues raised in the previous year's annual governance statement have been resolved.
- 11 Members will note that section 4 of the Interim AGS provides a high-level overview of the highlights and improvement plans in relation to each principle, together with assurance that these will be reported and reviewed as appropriate to the internal control environment involved.
- 12 For completeness Members should also find attached at Appendix B a copy of the action plan developed following the 2023 review of internal control, showing the actions taken.

### **How does this proposal impact the three pillars of the Best City Ambition?**

Health and Wellbeing       Inclusive Growth       Zero Carbon

- 13 The annual governance statement provides assurance that the arrangements in place to ensure that the Council can deliver its strategic goals through value for money and sustainable use of resources.

### **What consultation and engagement has taken place?**

Wards affected: None.

Have ward members been consulted?       Yes       No

- 14 The Interim Annual Governance Statement has been developed in consultation with officers with specialist oversight and expertise including the Monitoring Officer and Chief Financial Officer.
- 15 The interim AGS has been shared with the Chair of Corporate Governance and Audit Committee, and with the Leader of Council and Executive Member for Resources prior to publication.
- 16 Members of the committee now have opportunity to comment on the interim AGS prior to the finalisation of the statement for formal approval by the committee in September.

### **What are the resource implications?**

- 17 This report provides assurance that arrangements in place support the sustainable use of the Council's resources.

### **What are the key risks and how are they being managed?**

- 18 This report provides assurance that the Council has effective arrangements for the management of risk but recognises that this framework cannot eliminate all risk to the achievement of policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

### **What are the legal implications?**

- 19 Regulation 3 of the Accounts and Audit Regulations 2015 obliges the council to ensure it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and includes effective arrangement for the management of risk.
- 20 The review of internal control detailed has carried out in accordance with Regulation 6 of the Accounts and Audit Regulations 2015, and proper practice as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice: Delivering Good Governance in Local Government (2016).

### **Options, timescales and measuring success.**

#### **What other options were considered?**

- 21 None as the annual governance statement is a statutory requirement.

#### **How will success be measured?**

- 22 The Annual Governance Statement will be amended considering any questions or comments received, and the action plan updated prior to presentation to committee for approval.
- 23 The Annual Governance Statement will be subject to review by the council's external auditor.

#### **What is the timetable and who will be responsible for implementation?**

- 24 Regulations require approval of the final AGS by 30<sup>th</sup> September 2024.

### **Appendices**

- Appendix A – Interim Annual Governance Statement
- Appendix B – Action Plan 2023 Reported Outcomes

### **Background papers**

- None



INTERIM  
ANNUAL GOVERNANCE STATEMENT  
2024

**Approved by**  
**Chief Officer (Financial Services)**

July 2024

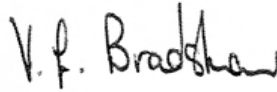
# 1 - INTRODUCTION AND INTERIM ASSURANCE STATEMENT

Leeds City Council is obliged<sup>1</sup> to ensure it has a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and includes effective arrangements for the management of risk.

We have conducted a review of the effectiveness of our system of internal control<sup>2</sup>. The review reflects on the formal reporting to council and executive committees; enquiries made of officers with relevant specialist knowledge, experience, and expertise, and officers with operational control; in addition to independent assurance provided. The review has been undertaken in consultation with the council's Head of Paid Services, Monitoring Officer And Chief Finance Officer.

We confirm, to the best of our knowledge and belief, and there having been appropriate enquires made, that this Annual Governance Statement (AGS) provides an accurate and fair view.

We are satisfied that in the accounting period 1st April 2023 to 31st March 2024, our framework of internal control has continued in place up to the date of approval of this AGS. We have concluded that, overall, key systems are operating soundly, and that there are no fundamental control weaknesses<sup>3</sup>. We are satisfied that where improvements have been identified, actions are in place with appropriate arrangements to monitor them.


<b>Victoria Bradshaw</b>
<b>Chief Officer – Financial Services and Section 151 Officer</b>

Our governance arrangements seek to ensure that our resources are used to achieve our Ambition through defined outcomes for the citizens and communities in Leeds. Our Local [Code of Corporate Governance](#) is framed around values and behaviours, and seven good governance principles (reflecting the principles of good governance set out in CIPFA: Delivering Good Governance in Local Government / 2016 Edition)

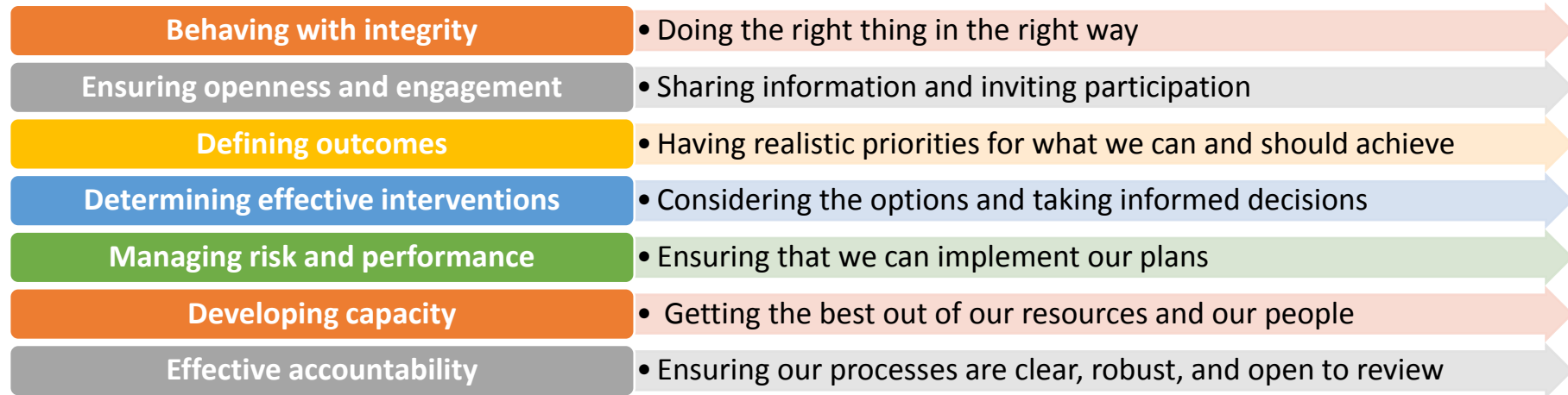
---

<sup>1</sup> Regulation 3 of the Accounts and Audit Regulations (2015)

<sup>2</sup> Undertaken in accordance with Regulation 6 of the Accounts and Audit Regulations (2015), and proper practice as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice: Delivering Good Governance in Local Government (2016)

<sup>3</sup> Whilst support in Council's arrangements for risk management, the governance framework cannot eliminate all risk to the achievement of policies, aims and objectives, and we note that this review can therefore only provide reasonable and not absolute assurance of effectiveness.

## 2 - OUR GOVERNANCE FRAMEWORK



These governance principles are supported by commitments which enable us to direct and control our activity to achieve our Best City Ambition and commitments in our organisational plan. They bring together the systems, processes, and values and behaviours in place across the council by which we plan and deliver services to the citizens of Leeds in a way that shows how the council:

- Does the right things in the right way.
- Is open and transparent about what it does, how, and why it does it.
- Engages with citizens, partners, and stakeholders to place and deliver outcomes.
- Is held to account.

We have a variety of arrangements through which we give effect to our code of corporate governance. The governance arrangements are a combination of the culture, people, documents, and processes which together direct and control the council's activities.

Culture	Values and behaviours <sup>4</sup> , Political Environment, Ethical Governance, Relationships.
People	Members, Officers, Statutory Officers, Partners and Stakeholders, Citizens, and Communities.
Documents	Joint Strategic Assessment, Strategic Plan, Budget & Policy Framework, Constitution, and legal framework
Processes	Systems of Internal Control, Audit and Inspection, Compliments and Complaints, Oversight and Scrutiny.

<sup>4</sup> See Figure 1 below

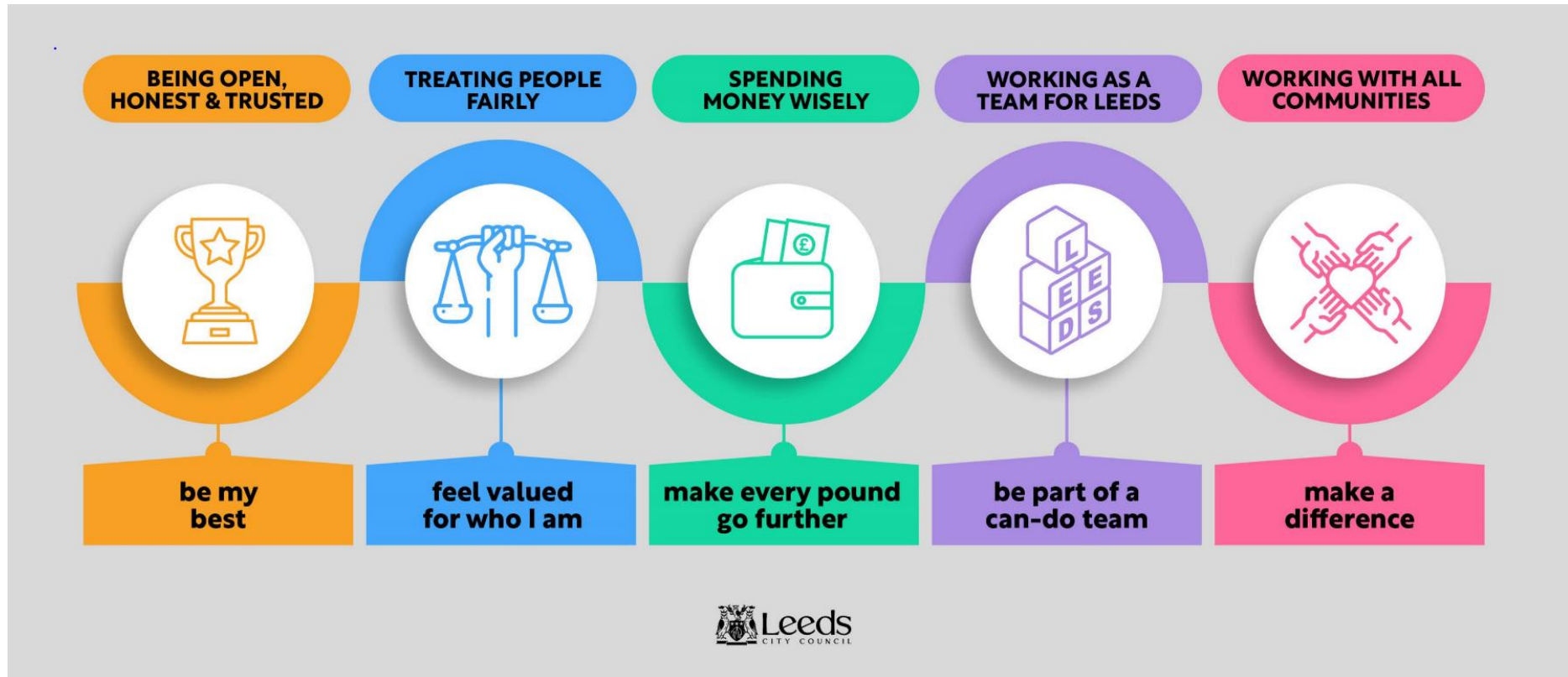
## 2 - OUR GOVERNANCE FRAMEWORK

<b>Culture</b>	
Our culture and governance arrangements are set in our values and behaviours which are embedded across the organisation.	
<p>We have codes of conduct for members and officers, which set out clear expectations of behaviour. There are clear arrangements in place for the registration and declaration of interests and of gifts and hospitality.</p> <p>Continuous review of arrangements to identify opportunities for growth, development and improvement whilst balancing the need to make proportionate use of our resources.</p> <p>Rigorous oversight and robust challenge in decision making. Scrutiny board chairs are drawn from both administration and opposition members to provide meaningful challenge.</p> <p>Ethical governance arrangements supported by a robust suite of counter fraud and corruption arrangements, including a whistleblowing policy open to all.</p> <p>Clear and embedded arrangements for the publication of key decisions enable effective democratic oversight of decisions taken by officers.</p> <p>Regular performance reporting in relation to key strategies ensuring effective accountability of those in operational control.</p>	

<b>People</b>	
<p>Our organisational plan “Being Our Best” is supported by “Be Your Best” an individual development programme designed for all 2000+ managers to support their staff to be their best. The plan focuses on our values and behaviours, setting out expectations and priorities, with a guide to resources to assist managers.</p> <p>Our People Strategy 2020-25 sets out our commitment to best leadership and management and to best employee experience. Through the application of our values and behaviours, this strategy underpins our approach to recruitment, work life, development, progression, and exit. The use of periodic staff surveys monitors performance.</p> <p>Officer remit and accountability is clearly structured, communicated and monitored through delegation and sub-delegation arrangements, appraisal objectives and regular supervision. There are protocols in place in our Constitution to ensure that statutory requirements are complied with, and the Monitoring Officer and Chief Finance (S151) Officer are afforded the resource, access and opportunities required to fulfil their roles.</p> <p>Our staff networks, trade unions and freedom to speak up guardian enable staff engagement, provide advocacy, and encourage people to speak up with any concerns around working practices.</p> <p>There are robust processes in place to receive and act upon customer feedback ensuring we maintain a high quality, efficient and effective service.</p> <p>We use of a variety of methods, including our Citizens Panel, to communicate and engage with our citizens and communities, to plan and deliver the right services in the right way to achieve value for money.</p>	

## 2 - OUR GOVERNANCE FRAMEWORK

Figure 1 - Leeds City Council- Values and behaviours



## 2 - OUR GOVERNANCE FRAMEWORK

### Systems and Processes

We have a leader and cabinet governance model with leader's executive arrangements set out in the constitution to ensure clear arrangements for open, transparent, and accountable decision making.

Decision making, financial arrangements and procurement activity are bound by clear rules of procedure which focus our resources to the achievement of our strategic outcomes and are rooted in legal compliance.

Budget management and monitoring is a continuous risk-based process operating throughout the council. Directors have responsibility for delivering directorate budgets whilst budget holders, supported by finance officers, manage, monitor, and forecast income and expenditure against budgets.

Transformation is rooted in interdependent change priorities: improving our digital offer; improving how we serve our customers; improving how we work with people and families; and improving the coordination of our services locally.

Progress against strategic ambitions is monitored through key performance indicators (KPIs) to identify any weaknesses in performance to take appropriate effective action to improve performance in line with targets.

Established risk and resilience arrangements, including risk management policy and strategy and risk registers informed by the National Risk Register, work to identify, mitigate, and manage risk at all corporate levels.

Established arrangements for overview and scrutiny through five appointed boards. Our activity is outcome focussed, and systems and processes are reviewed regularly to ensure they are up to date and fit-for-purpose to deliver our strategic outcomes for citizens and communities in Leeds.

### Documents

Our Joint Strategic Assessment (JSA) provides a detailed understanding of the citizens and communities in the Leeds area and is used to underpin our strategic framework.

Our Best City Ambition highlights the city's mission to tackle poverty and inequality, setting out the three pillars approach through health and wellbeing and inclusive growth strategies and zero carbon plan.

The Best City Ambition sets out a strategic intent shared between the council and its partners, to work together as Team Leeds. Recognising significant financial challenges faced by the council and some of our key partners, it seeks to maximise the positive impact of limited resources as we seek to deliver our shared goals and priorities.

Our Medium-Term Financial Strategy (MTFS) is updated annually, supported by our financial management systems, and underpins our sustainable approach. The MTFS recognises that the current and future financial climate could present a significant risk to the Council's priorities and ambitions. The strategy aims for the Council's financial position to be robust, resilient, and sustainable with a sufficient level of reserves available to deal with any future unforeseen circumstances.

We have a robust and accountable approach to budget management, (closely aligned to the principles of CIPFA Financial Management Code (2019)) and provide regular revenue and capital monitoring reports. Our arrangements for treasury management comply with The Chartered Institute of Public Finance and Accountability (CIPFA) Code of Practice on Treasury Management and The Prudential Code.

Our Constitution sets out key roles and responsibilities together with rules and protocols to govern behaviour and procedures. The Monitoring Officer ensures regular review.



## 3 - HOW WE REVIEW OUR GOVERNANCE FRAMEWORK

### Assurance Approach

We have used the three lines of assurance model (set out in Fig.2. below) to provide substantial assurance that our governance framework is operating soundly with no fundamental weaknesses.

Whilst our governance framework cannot eliminate all risk to the achievement of policies, aims and objectives, our review provides reasonable assurance of the effectiveness of our arrangements.

### First Line of Assurance – Operational and Managerial Oversight.

We seek confirmation from officers with operational and managerial responsibility that our system of internal control is effectively embedded. Our 2024 survey of internal control (SIC) was shared with 176 officers and received a response rate of 78%. The SIC focused on our seven principles of corporate governance and was designed to identify the extent to which managers believe their staff have the relevant knowledge and skills to comply with those controls appropriately and proportionately to their individual roles and responsibilities. Respondents were invited to comment on arrangements which were working well and to identify any actual and / or perceived weaknesses as well as inviting suggestions for improvement.

Qualitative and quantitative analysis of SIC responses has been completed and provides some assurance that, from an operational perspective, governance arrangements appear to be embedded and effective, with some opportunities to review the application of these arrangements to partnership working. To guard against the risk of complacency, responses in relation to each specialist area have been referred to the owner of specialist oversight in relation to the relevant system of internal control for consideration. Corporate Governance and Audit Committee provide robust challenge, looking for continuous improvement year on year when receiving assurance reports in relation to specialist areas of internal control.



### Second Line of Assurance – Specialist Oversight and Compliance.

Those with specialist oversight and compliance responsibility provide assurance that arrangements are up to date, fit-for-purpose, embedded and routinely complied with. We have developed the cycle of internal control (see diagram on next page) which underpins each of our systems of internal control and recognises that arrangements should be defined and documented; clearly communicated; effectively embedded; meaningfully monitored; and reviewed and refined. Throughout the cycle, we seek to ensure that risks are identified, assessed, and appropriately managed.

The second line of assurance is developed through formal reporting of control arrangements to council and executive committees and supported by additional enquires made to officers with specialist oversight, knowledge, and responsibility.

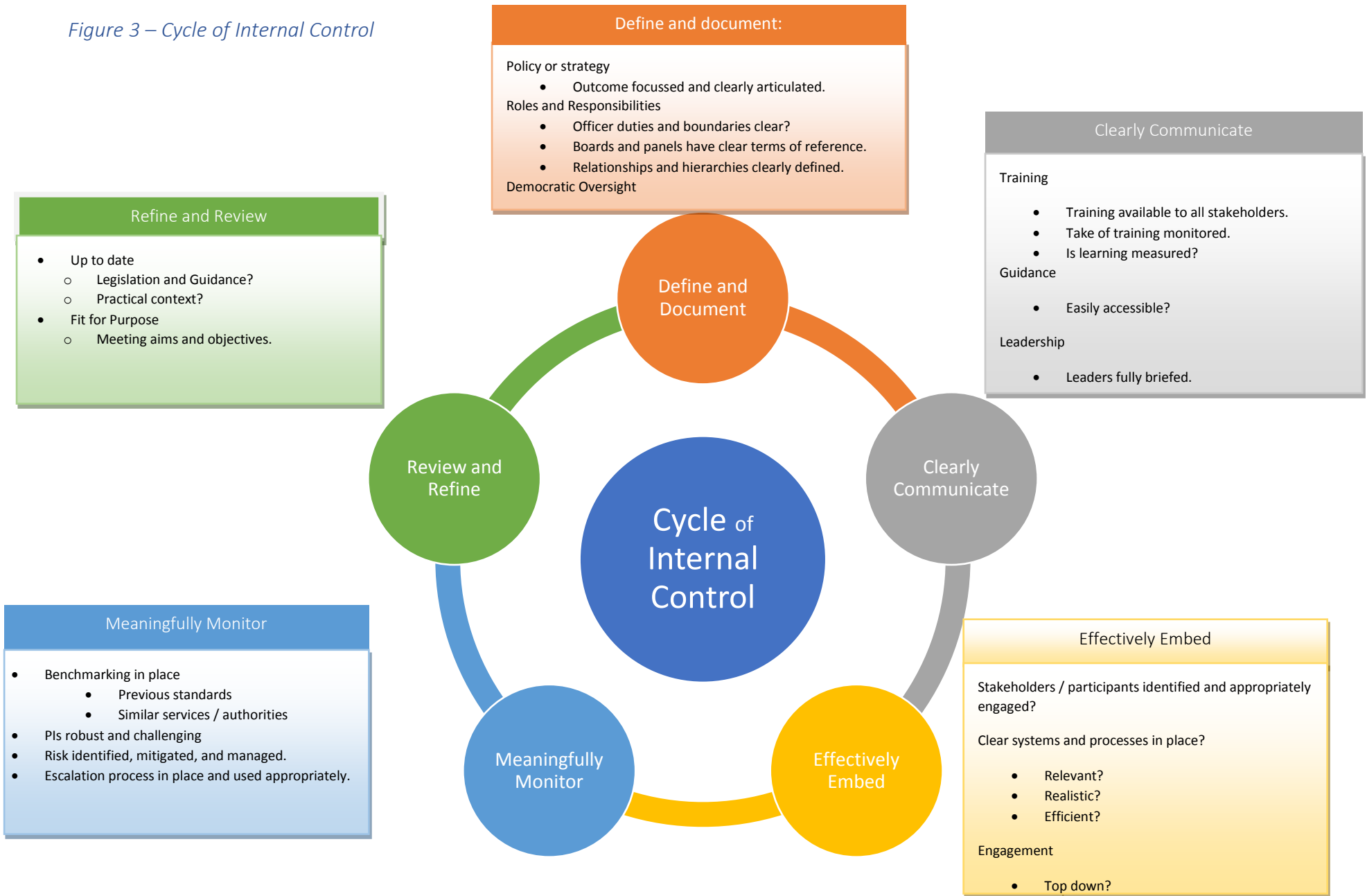
### 3 - HOW WE REVIEW OUR GOVERNANCE FRAMEWORK

Figure 2 - Leeds City Council- Assurance Map

Bodies charged with governance:		1 <sup>st</sup> line of assurance	2 <sup>nd</sup> line of assurance	3 <sup>rd</sup> line of assurance		
		Responsibilities for implementation and accountability		Arrangements for testing		
Full Council Corporate Governance and Audit Committee (Delegated responsibility)		Operational ownership and management	Oversight and compliance specialists	Independent Assurance		
		Directors and section heads sectional and directorate leadership teams	Specialist officers Proper officers			
Systems and Processes of Internal Control	Define and Document	Clear arrangements for sub-delegation of functions and responsibilities	Development of policy & procedure	Internal Audit	External Audit	External Inspectors
	Clearly Communicate	Leadership – cascading of information and expectation	Provision of guidance & training,			
	Effectively Embed	Systems of managerial control (Supervision / 121 / appraisal etc.)	Oversight and advice tailored to service need			
	Meaningfully Monitor	Local performance monitoring. Identification and mitigation of risk. Escalation of concerns	Development of robust performance indicators. Benchmarking			
	Review and refine	Feedback on systems and processes	Review of legislation, sector best practice and guidance. Strategic review of arrangements	Action Planning & Monitoring		
Officer oversight:		Corporate Leadership Team Statutory Officers (Monitoring Officer, Chief Finance Officer, Head of Paid Service)			Officer oversight	
 Democratic Oversight		Executive Members Executive Board Scrutiny Boards Corporate Governance and Audit Committee Standards and Conduct Committee			 Democratic oversight	

### 3 - HOW WE REVIEW OUR GOVERNANCE FRAMEWORK

Figure 3 – Cycle of Internal Control



## 3 - HOW WE REVIEW OUR GOVERNANCE FRAMEWORK

### Third Line of Assurance – Independent Assurance.

Formal independent assurance is provided by internal audit, external audit, and other external inspection agencies.

#### Internal Audit

In accordance with the Public Sector Internal Audit Standards (PSIAS) as the council's designated chief audit executive, the senior head of internal audit, corporate governance and insurance delivered their annual internal audit report and opinion to Corporate Governance and Audit Committee in July 2023.

PSIAS requires a quality assurance framework to be established. The latest external review of our quality management system was undertaken in November 2023. The assessment confirmed that our arrangements continue to confirm to the ISO quality management standards and certification was successfully awarded for a further three years. These arrangements have met ISO certification since 1998.

The internal audit service provides regular update reports in relation to internal audit, and counter fraud and corruption activity to the Corporate Governance and Audit Committee. Reports provide assurance as to the performance of the Internal Audit Service in compliance with PSIAS supplemented by internal quality assurance feedback obtained from audited services. In addition, these reports update the committee with some assurance on the control environment in place across the council by providing oversight of work undertaken in pursuance of the risk-based audit plan.

#### External Audit

Grant Thornton is appointed as the council's external auditor and is represented at each meeting of Corporate Governance and Audit Committee. The external auditors have quarterly meetings with the Chief Officer Financial Services (the Council's designated chief finance officer), and bi-annual meetings with the leader of the council, chief executive and director of strategy and resources, in addition to the chief officer – financial services. Additional meetings are arranged as necessary throughout the year.

Under the National Audit Office (NAO) Code of Practice, the external auditor is required to consider whether the council has put in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources.

## 3 - HOW WE REVIEW OUR GOVERNANCE FRAMEWORK

### External Inspection and Peer Review

We engage with all formal inspection and review agencies including the Office for Local Government, the Care Quality Commission and OFSTED. Our protocol for the coordination of external inspection reports provides that reports and action plans arising from inspections are shared as appropriate with Executive Board, Scrutiny Boards and Corporate Governance and Audit Committee.

Peer review arrangements provide informal independent assurance in relation to specific services. Leeds welcomed a peer review from the Local Government Association corporate peer challenge in November 2022. The peer review team undertook a progress review in September 2023, reported to Executive Board in October 2024.

The Information Commissioners Office (ICO) undertook a consensual audit of our data protection practices focusing on governance and accountability; records management; and personal data breach management and reporting. The ICO report was received by Corporate Governance and Audit Committee in February 2024; acknowledging the areas for improvement and agreeing to receive mid-year and end of year action plan progress update reports.

### Ombudsman

There are arrangements in place to capture, record and monitor ombudsman complaints regardless of whether a finding of maladministration leading to injustice is found. Where appropriate, a finding of maladministration is reported to a formal meeting of Executive Board, along with any appropriate proposed remedial action. The Monitoring Officer also reserves the right to make a report of unlawfulness to full council.

### Democratic Oversight.

As demonstrated by the assurance framework at figure 4 below, there is considerable democratic oversight, providing assurance that our governance framework is effectively embedded and operating soundly.

### 3 - HOW WE REVIEW OUR GOVERNANCE FRAMEWORK

Figure 4 – Assurance Framework.

	<b>1<sup>st</sup> Line of Defence.</b> (Operational Ownership and Management)	<b>2<sup>nd</sup> Line of Defence</b> (Oversight and Compliance Specialists)	<b>3<sup>rd</sup> Line of Defence</b> (Independent Assurance)	<b>Bodies Charged with Governance.</b>
<b>Published Arrangements</b>	Constitution Website			
<b>Corporate Governance and Audit Committee</b>	Service specific annual assurance reports. Ad-hoc reports addressing key projects and risks.	Annual Assurance reports in relation to corporate systems of internal control.	<b>Internal Audit</b> Approval of risk-based planning, receipt of update reports; receipt of annual report and opinion.	Approval of Annual Governance Statement and Statement of Accounts.
			<b>External Audit</b> Agreement of nature and scope of annual audit plan; receipt of progress reports; receipt of ISA260 and annual audit report; certification of housing benefit grant claims.	
			<b>External Inspection</b> Consideration of external inspection reports and action plans.	
<b>Standards and Conduct Committee</b>	Consultation on development of Member’s Code of Conduct.	Annual report of Monitoring Officer.		
<b>Scrutiny Boards</b>	Pre-decision scrutiny Arrangements for Call-In Receipt of Performance reports	Consultation of development of Budget and Policy Framework.	<b>External Inspection</b> Consideration of external inspection reports and action plans	
<b>Executive Boards</b>	Executive decision-making Receipt of Service Specific Performance reports.	Receipt of Corporate reports relating to performance and monitoring. Strategy and Policy approvals.	<b>External Inspection.</b> Consideration of external inspection reports and action plans.	
<b>Full Council</b>	Hold executive to account (executive questions and receipt of executive minutes). Approval of Budget and Policy Framework.			Receipt of Annual Reports. <ul style="list-style-type: none"> <li>• Corporate Governance &amp; Audit Committee</li> <li>• Standards &amp; Conduct Committee</li> <li>• Plans Panels</li> <li>• Licensing Committee</li> <li>• Scrutiny Boards</li> </ul>
<b>Officer Information.</b>	Decision-making reports. Survey of Internal Control.	Specialist Questionnaires and assurance statements		

## 4 - ASSURANCE AND ACTIONS

### Governance Framework and Assurance Map

Our detailed governance framework and assurance map will be presented to Corporate Governance and Audit Committee in June 2024. This will provide the evidence of assurance on which this statement is based.

### 2023 Action Outcomes

We have monitored the actions identified in the 2023 Annual Governance Statement and Corporate Governance and Audit Committee will consider a summary of the outcomes in relation to each of these before approving this AGS.

### Internal Audit

The council's designated chief audit executive's annual internal audit report and opinion for 2022-23<sup>5</sup> stated that:

The combination of audit work, including specific assurance reports and other auditing activities undertaken for the delivery of the 2022/23 Internal Audit plan, leads to a conclusion that the internal control environment (including the key financial systems, risk, and governance) is well established and operating effectively in practice.

Audits have highlighted a range of opportunities to further strengthen the control environment and we have worked with services to foster a culture of continual reflection and improvement. Where these audits have resulted in 'Limited Assurance' opinions, and we have highlighted weaknesses that may present risk to the Council, we have agreed recommendations to further improve the arrangements in place and we have developed a process for tracking implementation. Whilst limited opinions have demonstrated the robust challenge that the internal audit function offers to the individual system areas that have been reviewed, the weaknesses identified are not material enough to have a significant impact on the overall opinion on the adequacy of the Council's governance, risk management and control arrangements at the year end. We have continued to draw assurances from our role in providing challenge offered across a number of key programmes and projects across the authority. **As a result, a satisfactory overall opinion is provided for 2022/23, based on the audit work detailed within this report, including both a range of audits and other value-adding activities.**

---

<sup>5</sup> NB: It is anticipated that the chief audit executive opinion for 2023/24 will be available before the final AGS is required.

## 4 - ASSURANCE AND ACTIONS

### External Audit

A clean audit certificate was issued in March 2024 for the 2021-22 accounting period. In addition, the interim auditor's annual report 2022-23 VFM arrangements, considered by Corporate Governance and Audit Committee in November 2023 states that:

#### Financial Sustainability

The Council has a robust and consultative approach to setting its annual budget, Medium Term Financial Strategy (MTFS) and annual savings plan. It has clear and transparent financial reporting and a strong grasp of the financial challenges it faces. Like many other local authorities, however, the Council faced significant financial pressures moving into 2022-23 and overspent its revenue budget by £12.4m (2.4% of the Council's Net Revenue Budget) causing it to draw on its Strategic Contingency Reserve.

#### Governance

The Council has a sound internal control environment and despite a degree of turnover in recent years, its Corporate Governance and Audit Committee, supported by Internal Audit, exercises appropriate oversight and challenge. The Council maintains clear processes that reinforce good behaviours and working relationships; and maintain high standards of conduct. Its processes for identifying and reporting strategic risks are appropriate, though we raise an improvement recommendation to increase the frequency and utility of strategic risk reporting to the Executive Board.

#### Improving Economy, Efficiency and Effectiveness

The Council's performance reporting reflects the fact that 2022-23 a transitional year following its adoption of the Best City Ambition in 2022. Its partnership working is an area of strength with clear evidence of active involvement in partnerships to improve outcomes for the people of Leeds.

### Peer Review

The peer review progress review in September 2023 noted that:

The council actively seeks external perspectives and views to help it improve further. Between the peer challenges of 2016 and 2022 LCC had clearly acted on the first CPC's recommendations and other feedback, and we saw widespread evidence that it has considered and is acting upon the reflections from the peers last year. The November 2022 CPC recommendations have been incorporated into the Being Our Best organisation plan, agreed by the Executive in June 2023. Members and officers are energetic and enthusiastic about shaping and planning further improvement to deliver the council's clearly stated values and ambitions for their city, whilst being realistic about the challenges ahead.



## 4 - ASSURANCE AND ACTIONS

### 2024 Action Plan

We will continue to review the findings of our review of internal control and use them to underpin plans for continuous improvement in each relevant control environment. These actions will be monitored and reported as appropriate to each control environment and considered in giving assurance for the AGS 2025.

We are pleased to note the following headline assurances and actions intended to ensure stability or continuous improvement in the internal control environment.

#### **Principle 1 - Behaving with integrity: (Doing the right thing in the right way)**

Our values and behaviours are well embedded as the basis for the services we provide for the citizens and communities of Leeds, and the lived experience of our workforce. We maintain clear processes that reinforce good behaviours and working relationships; and maintain high standards of conduct.

We will learn from feedback received to enable us to further embed our internal control environment for counter fraud and corruption.

#### **Principle 2 - Ensuring openness and engagement: (Sharing information and inviting participation)**

Partnership working is an area of strength for the council.

We will undertake a light touch review to ensure that the governance arrangements in place are applied appropriately and proportionately to support this work.

#### **Principle 3 - Defining outcomes: (Having realistic priorities for what we can and should achieve)**

Members and officers are energetic and enthusiastic about shaping and planning further improvement to deliver the council's clearly stated values and ambitions for their city, whilst being realistic about the challenges ahead.

We will implement our core business transformation, ensuring that new arrangements are introduced in a timely way with a view to effective transition. New arrangements will be communicated, embedded, and monitored to ensure their ongoing success.

## 4 - ASSURANCE AND ACTIONS

### Principle 4 – Determining effective interventions: (Considering the options and taking informed decisions)

We have undertaken a review of our decision-making governance; and adopted arrangements which will strike a reasonable balance between speeding up decision making, reducing bureaucracy and resource required, retaining openness and engagement with the public and being in line with the statutory requirements.

We will continue to focus on the delivery of proportionate and timely information to ensure that decision makers are able to consider all relevant information in evaluating options available to them.

### Principle 5 – Managing risk and performance: (Ensuring that we can implement our plans)

We have set a balanced budget for the 2024/25 accounting period but remain fully aware of the ongoing financial challenge facing this, and many other authorities.

We will continue to provide sound financial management, to track the implementation of savings proposals, and seek to identify further savings whilst continuing to provide sustainable services for the citizens and communities of Leeds.

### Principle 6 – Developing Capacity: (Getting the best out of our resources and our people)

Delivery of our interdependent change priorities, through Being Our Best: Our Organisation Plan, will modernise and transform our organisation. Our 2,200 appraising managers are a key part of delivering our plan to be an efficient, enterprising, healthy, and inclusive organisation.

We will continue to communicate and embed our Be Your Best priorities for 24/25 including Be Your Best: Equality, Diversity, and Inclusion to develop and support all LCC managers to build inclusive teams and a work culture that is fair, celebrates difference, values all, eliminates discrimination and helps everyone to be their best.

### Principle 7 - Effective accountability: (Ensuring our processes are clear, robust, and open to review)

The council actively seeks external perspectives and views to help it improve further.

We will continue to welcome and encourage robust independent challenge.



# ANNUAL GOVERNANCE STATEMENT

## 2023 ACTION PLAN OUTCOMES

## 2023 ACTION PLAN OUTCOMES

We have monitored the actions identified in the 2023 Annual Governance Statement and those action identified as “in progress” from the 2022 Annual Governance Statement and set out below a summary of the outcomes in relation to each of these.

<b>Principle 1 – Behaving with Integrity (Doing the right thing in the right way)</b> <b>We will behave with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</b>			
<b>Actions Identified</b>		<b>Outcomes</b>	<b>Status</b>
<p>To ensure governance arrangements and organisational culture are legally compliant, up to date, fit for purpose and clearly articulated in the Council’s Constitution.</p>	<ul style="list-style-type: none"> <li>• We will engage with Members and officers to understand the strengths and weaknesses in our Constitution and governance culture and the arrangements in place of effectively embed requirements.</li> <li>• We will work with those with specialist knowledge and oversight to:                             <ul style="list-style-type: none"> <li>○ Review and refresh relevant constitutional content; and</li> <li>○ Ensure values led systems and proportionate processes enable compliance in line with values and behaviours.</li> </ul> </li> <li>• We will seek formal approval to amendments through the identified routes for each relevant provision</li> </ul>	<p>We have</p> <ul style="list-style-type: none"> <li>• Undertaken a review of constitution substantively amending decision-making categories and procedures to remove duplication and bureaucracy whilst maintaining proportionate transparency and accountability.</li> <li>• Updated Contract Procedure Rules to remove duplication and introduce simpler language and processes. Adopted by Council on 24 May 2024.</li> <li>• End to end review of constitution to update language and references to ensure remains fit for purpose.</li> <li>• Involved Members and stakeholders throughout.</li> <li>• Constitution published as one accessible and searchable document.</li> <li>• Rolled out training to relevant stakeholders in relation to changes.</li> </ul>	<p>Completed</p>

## 2023 ACTION PLAN OUTCOMES

<b>Principle 2 – Ensuring openness and engagement (Sharing information and inviting participation)</b>			
<b>We will ensure openness and comprehensive stakeholder engagement.</b>			
	<b>Actions Identified</b>	<b>Outcomes</b>	<b>Status</b>
<b>2022 AGS – Carry Forward Action Decision-making</b>	<ul style="list-style-type: none"> <li>We will review arrangements from decisions in relation to the receipt of income.</li> </ul>	<ul style="list-style-type: none"> <li>Review of decision-making arrangements has taken place as part of a wider constitutional review and has been implemented following approval by the annual council meeting.</li> </ul>	Completed
To ensure early and meaningful consultation, underpinning effective collaboration with citizens and communities.	<ul style="list-style-type: none"> <li>We will convene a consultation officers' group – bringing together key contacts undertaking activity to improve communication, share best practice and enable better timetabling to avoid issues like consultation fatigue.</li> <li>We will develop a shared cross-corporate approach for plotting upcoming consultation activity and major communication to provide holistic overview, strengthen reporting and enable better elected Member oversight.</li> </ul>	<ul style="list-style-type: none"> <li>We created the Consultation and Engagement (C&amp;E) Network in early 2023 – a group of colleagues from across the council that support this area of work. Members meet regularly to share upcoming work and examples of good practice, and work towards shared goals - such as the roll out of new software. Continued communication to raise awareness has helped the network grow to a fair number of active participants.</li> <li>During 2023 we created a planner of upcoming C&amp;E activity, populated by the network members and through the meetings, which doubles as a report of activity taken place.</li> </ul>	Completed
To ensure appropriate governance in partnership arrangements.	<ul style="list-style-type: none"> <li>We will undertake a benchmarking exercise to understand the approach to partnership governance taken by peer West Yorkshire authorities and Core Cities.</li> <li>We will review our approach to understanding the breadth of our partnership working., and</li> <li>We will review Partnership Governance and Risk Checklist.</li> </ul>	<ul style="list-style-type: none"> <li>We have reviewed partnership governance arrangements as part of annual internal review of control and will be undertaking a light touch review to ensure that governance arrangements are applied appropriately and proportionately to support our partnership work.</li> </ul>	Carried forward to 2024.

## 2023 ACTION PLAN OUTCOMES

Principle 2 – Ensuring openness and engagement (Sharing information and inviting participation)			
We will ensure openness and comprehensive stakeholder engagement.			
Actions Identified		Outcomes	Status
To take stock of Locality and Community approaches with a focus on People, Assets and Governance, using this as the primary vehicle for delivering the Best City Ambition right across the city.	<p>We will undertake a full review of the Community’s Committee’s role, purpose, and governance arrangements, involving all 99 Councillors, using the scrutiny process as a mechanism for support, member engagement and accountability.</p> <ul style="list-style-type: none"> <li>• Environment, Housing and Communities Scrutiny Board agree review scope.</li> <li>• 1<sup>st</sup> Member Working Group meeting.</li> <li>• Up to four member workshops to be developed to engage and seek feedback and ideas from Elected Members.</li> <li>• Working Group recommendations presented and approved via appropriate governance arrangements.</li> <li>• New Community Committee arrangements commence.</li> </ul>	<ul style="list-style-type: none"> <li>• Asset Based Community Development (ABCD) was considered as part of the Community Committee’s review in January 2024.</li> <li>• A workshop has been arranged for October 2024 to provide all Elected Members with a comprehensive overview of ABCD.</li> <li>• A newsletter is being developed that will be shared with all Elected Members and other stakeholders keeping them up to date on the ABCD initiatives and community work.</li> </ul>	Completed
To ensure the Council’s website is accessible to the public.	<p>We will put arrangements in place to:</p> <ul style="list-style-type: none"> <li>• Augment our Web Team using an external partner to accelerate migration to Drupal.</li> <li>• Progress redevelopment from SharePoint to Drupal in line with our technology strategy.</li> <li>• Continue with work to redevelop websites for National Adoption Agency, Leeds Directory, Leeds Adults Safeguarding Board, Leeds Libraries etc...</li> <li>• Extend deployment of Chatbot on the site in line with additional knowledge.</li> </ul>	Our bespoke <a href="#">Homepage   WebEstate (leeds.gov.uk)</a> sets out details of the arrangements in place to deliver this action; and provides progress reporting.	In Progress.

## 2023 ACTION PLAN OUTCOMES

<b>Principle 3 – Defining Outcomes (Having realistic priorities for what we can and should achieve)</b>			
<b>We will define outcomes in terms of sustainable economic, social, and environmental benefits</b>			
	<b>Actions Identified</b>	<b>Outcomes</b>	<b>Status</b>
<b>2022 AGS – Carry Forward Action</b>	We will develop an externally facing strategy hub to be created, where strategic framework can be clearly outlined, and the relevant documents hosted.	<ul style="list-style-type: none"> <li>Due to the lack of necessary staffing resource, this project has been placed on hold and will not be carried forward for the time being.</li> </ul>	N/A
To ensure that the city plan continues to be evidence based, current, realistic and enables the whole organisation’s performance to be measured and held to account.	We will renew the Joint Strategic Assessment (JSA) <ul style="list-style-type: none"> <li>Scoping and convening partnership board.</li> <li>Completion of JSA.</li> </ul> We will refresh the Best City Ambition. <ul style="list-style-type: none"> <li>Proposals to Executive Board</li> <li>Approval at Full Council.</li> </ul>	<ul style="list-style-type: none"> <li>The JSA is in the process of being completed for 2024. An initial draft has been done and the final version was presented to the <a href="#">Health and Wellbeing Board in July 2024</a>.</li> <li>The updated Best City Ambition was presented to <a href="#">Executive Board on 7<sup>th</sup> February 2024</a> and the presented to <a href="#">Full Council on 21<sup>st</sup> February 2024</a> at which the Council was asked to accept the recommendations of the Executive Board and adopt the updated Best City Ambition.</li> </ul>	Completed

<b>Principle 4 – Determining Effective Interventions.</b>			
<b>We will determine the interventions necessary to optimise the achievement of the intended outcomes.</b>			
	<b>Actions Identified</b>	<b>Outcomes</b>	<b>Status</b>
<b>2022 AGS – Carry Forward Action. Procurement.</b>	<ul style="list-style-type: none"> <li>Review and simplify the Contract Procedure Rules (CPRs), procurement documentation and tools to make user friendly and aid self-service.</li> </ul>	<ul style="list-style-type: none"> <li>CPRs have been reviewed as part of a wider review of the constitution.</li> </ul>	Completed
Review and update Procurement Strategy and processes when Procurement Bill enacted to	<ul style="list-style-type: none"> <li>Carried forward pending implementation of the new Procurement Bill.</li> </ul>	<ul style="list-style-type: none"> <li>The New Procurement Act will go live on 28 October 2024. Appropriate actions are in hand and reflected in the 2024 action plan.</li> </ul>	Carried forward to 2024.

## 2023 ACTION PLAN OUTCOMES

<b>Principle 4 – Determining Effective Interventions.</b>			
<b>We will determine the interventions necessary to optimise the achievement of the intended outcomes.</b>			
<b>Actions Identified</b>		<b>Outcomes</b>	<b>Status</b>
ensure compliance with the new regulatory regime.			
To ensure arrangements continue to mitigate and manage the financial challenge in the context of our ambitions and values.	<p>We will continue our Financial Challenge savings programme, identifying savings to support the in-year budgetary position and looking ahead to the next three years.</p> <ul style="list-style-type: none"> <li>In-year savings:                             <ul style="list-style-type: none"> <li>Ongoing and reported to Executive Board through financial health reports.</li> </ul> </li> <li>Longer term budget gap:                             <ul style="list-style-type: none"> <li>Updated gap reported to Executive Board through refreshed Medium-Term Financial Strategy (MTFS).</li> </ul> </li> <li>Savings proposals to help close the three-year gap.                             <ul style="list-style-type: none"> <li>Presented to subsequent Executive Board meetings during Autumn/Winter 2023-24.</li> <li>Considered by relevant Scrutiny Boards.</li> <li>Feed into Full Council budget reports</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Reports have been received by relevant council bodies as indicated.</li> </ul>	Completed

<b>Principle 5 – Managing Risk and Performance (Ensuring that we can implement our plans)</b>			
<b>We will manage risks and performance through robust internal control and strong public financial management.</b>			
<b>Actions Identified</b>		<b>Outcomes</b>	<b>Status</b>
To ensure effective arrangements for performance monitoring to plan and monitor performance in line with our strategic objectives and identify and deal with any failure in service delivery.	<p>Articulation of Best City Ambition medium-term progress monitoring framework, which will incorporate:</p> <ul style="list-style-type: none"> <li>Measures and indicators included in key strategies.</li> <li>Leeds social progress index.</li> <li>3-yearly JSA.</li> </ul>	<ul style="list-style-type: none"> <li>We are in the process of strengthening the progress monitoring framework for the Best City Ambition, including the Leeds Social Progress index.</li> <li>We will also be reviewing the council’s overall performance monitoring framework to categorise those KPIs</li> </ul>	In Progress



## 2023 ACTION PLAN OUTCOMES

<b>Principle 5 – Managing Risk and Performance (Ensuring that we can implement our plans)</b> <b>We will manage risks and performance through robust internal control and strong public financial management.</b>			
Actions Identified		Outcomes	Status
		<p>relevant to the City and those that are organisational. This work will continue throughout 2024/25 and is reflected in the 2024 action plan.</p> <ul style="list-style-type: none"> <li>• A Best City Ambition (BCA) scorecard is in development which will integrate with the Leeds Marmot City indicators into a single performance/analysis product – with a focus on drawing out the poverty and inequality agenda in how the information is tracked and reported.</li> <li>• We are also now integrating Office for Local Government (OFLOG) measures into performance reporting.</li> </ul>	
To ensure our information management and governance arrangements remain up to date, fit-for-purpose, routinely embedded and complied with.	<p>We will engage with the Information Commissioners Office (ICO) consensual audit, learn from its findings, and implement any resulting actions in a timely way.</p> <ul style="list-style-type: none"> <li>• Audit commences.</li> <li>• Action plan to commence.</li> <li>• Action plan update to Corporate Governance and Audit Committee.</li> </ul>	<ul style="list-style-type: none"> <li>• The ICO consensual audit took place in November 2023 and was reported to Corporate Governance and Audit Committee.</li> <li>• Actions from this audit, together with those from our own assessment and inform action plans which are being delivered and will be reported to Corporate Governance and Audit Committee as reflected in the 2024 action plan.</li> </ul>	In progress
To ensure that financial sustainability measures are robust and effective.	We will continue to review our in-year budget position and MTFS to ensure the robustness and effectiveness of a range of Financial Sustainability measures, including continuing to	<ul style="list-style-type: none"> <li>• Reports have been received by relevant council bodies as indicated.</li> </ul>	Completed

## 2023 ACTION PLAN OUTCOMES

<b>Principle 5 – Managing Risk and Performance (Ensuring that we can implement our plans)</b>			
<b>We will manage risks and performance through robust internal control and strong public financial management.</b>			
	<b>Actions Identified</b>	<b>Outcomes</b>	<b>Status</b>
	<p>ensure the adequacy of the Council’s General and Strategic reserves.</p> <p>In-year financial sustainability and adequacy of reserves:</p> <ul style="list-style-type: none"> <li>• Ongoing and reported to Executive Board through financial health reports.</li> <li>• Including Executive Board Outturn Report.</li> </ul> <p>Longer term financial sustainability and adequacy of reserves:</p> <ul style="list-style-type: none"> <li>• Reported to Executive Board through refreshed MTFS.</li> <li>• Full Council budget report.</li> </ul>		

<b>Principle 6 – Developing Capacity (Getting best out of our resources and our people)</b>			
<b>We will develop the Council’s capacity, including the capability of its leadership and the individuals within it.</b>			
	<b>Actions Identified</b>	<b>Outcomes</b>	<b>Status</b>
<b>2022 AGS – Carry Forward Action Integrated Digital Services (IDS)</b>	<p>We will undertake an iterative review of arrangements for governance and decision making in relation to Integrated Digital Services to ensure controls are articulated, communicated, and embedded within the service and across the Council.</p>	<p>Arrangements are set out in the <a href="#">Integrated Digital Services – STATEMENT of Internal control (leeds.gov.uk)</a> received by Corporate Governance and Audit Committee in February 2024</p> <ul style="list-style-type: none"> <li>• The arrangements set out provide a framework for transparent and accountable decision making within IDS in accordance with the Council’s Corporate Governance Code and Framework.</li> <li>• The 100% Digital Leeds has been recognised as one of the most successful, high-profile, and well-respected digital inclusion</li> </ul>	In Progress

## 2023 ACTION PLAN OUTCOMES

<b>Principle 6 – Developing Capacity (Getting best out of our resources and our people)</b> <b>We will develop the Council’s capacity, including the capability of its leadership and the individuals within it.</b>			
Actions Identified		Outcomes	Status
		programmes in the country by the King’s Fund, The British Academy, The Fabian Society, Local Government Association and NHS England.	
To provide elected members with knowledge and skills to support Asset Based Community Development (ABCD) initiatives and to develop a clearer and more consistent approach to member engagements with ABCD.	Create learning and development opportunities for elected Members on the ABCD model and the programme in Leeds by providing: <ul style="list-style-type: none"> <li>• Training for Senior Locality and Locality Officers serving 14 wards with an existing ABCD project.</li> <li>• Information and one-to-one / ward team member briefings to elected Members in wards with existing ABCD activity.</li> <li>• Briefing and information for all elected Members.</li> <li>• Develop Members understanding of the ABCD model in Leeds.</li> <li>• Build momentum and support with elected Members to assist the potential for introduction of ABCD projects in more communities across Leeds.</li> <li>• Overview and exploration of ABCD at Community Committee Chair Forum.</li> <li>• Regular updates to Members highlighting activity in specific wards.</li> </ul>	<ul style="list-style-type: none"> <li>• Training has been provided to Locality Officers in September 2023 with Senior Locality Officers receiving quarterly meetings.</li> <li>• All Elected Members have had access to a full ABCD briefing pack. This is incorporated into the New Members Introduction pack.</li> <li>• We are currently developing a quarterly refresher session on PALs that will be available as and when officers and Members wish to learn more on ABCD.</li> <li>• ABCD has been included as part of the Community Committee review.</li> <li>• We are currently developing a newsletter to provide an update which will be shared with all stakeholders.</li> </ul>	In progress

## 2023 ACTION PLAN OUTCOMES

<b>Principle 6 – Developing Capacity (Getting best out of our resources and our people)</b> <b>We will develop the Council’s capacity, including the capability of its leadership and the individuals within it.</b>			
Actions Identified		Outcomes	Status
		<ul style="list-style-type: none"> <li>We receive enquiries from the ABCD inbox which are responded to as and when these are received.</li> </ul>	
<p>To ensure that our human resources are managed efficiently and effectively, responding to our staff survey.</p>	<p>Using our June 2023 staff survey data, we have identified six organisational wide issues to take forward. Between August – December 2023, we will:</p> <ul style="list-style-type: none"> <li>Ensure all staff know about the survey findings and are engaged in conversations around next steps and continue to refine our analysis.</li> <li>Develop and deliver a response plan which includes actions at service and corporate level. Work with services to share best practice and offer support to those who need it most.</li> <li>Provide regular updates on progress and outcomes for Strategy and Resources Scrutiny Board.</li> <li>Provide regular updates on progress and outcomes for Cabinet (Executive Board)</li> </ul>	<ul style="list-style-type: none"> <li>All actions have been undertaken, with targeted additional support provided to specific services. This will capture local actions and delivery plans and enable reporting back via leadership/scrutiny boards.</li> </ul>	Completed

## 2023 ACTION PLAN OUTCOMES

<b>Principle 7 – Effective Accountability (Ensuring our processes are clear, robust, and open to review)</b> <b>We will implement good practices in transparency, reporting and audit, to deliver effective accountability.</b>			
	<b>Actions Identified</b>	<b>Outcomes</b>	<b>Status</b>
	<p>To ensure that the Internal Audit service supports effective and sustained transformation and improvement.</p> <ul style="list-style-type: none"> <li>We will further review our approach to assurance mapping which will be reported to Corporate Governance and Audit Committee to support ongoing audit planning and to underpin assurance reporting.</li> <li>We will further develop and embed a proportionate directorate led approach to recommendation tracking to evidence effective contribution to continuous improvement across the authority.</li> <li>We will offer increased support to emerging transformational projects. This includes the Core Business Transformation (CBT) project, and other key transformation projects.</li> </ul>	<ul style="list-style-type: none"> <li>We have integrated assurance into our audit planning process as our risk assessment criteria includes identifying other assurance mechanisms in place for the area under review. For 2024/25 we will develop a list of these assurance mechanisms that will be updated on a continuous basis going forward to feed into our ongoing planning process.</li> <li>We continue to develop and embed recommendation tracking. We have reviewed the information provided to CGAC and have automated areas of the process. We will continue to develop our arrangements and it is our intention to implement spot checking of the responses in 2024/25.</li> <li>In 2023/24 we have been involved in a number of projects across the authority, including CBT and transformation within Children &amp; Families. In 2024/25 we will continue with this support and will provide support to emerging transformational projects, especially those linked to the Financial Challenge and Organisational Redesign work.</li> </ul>	Completed

## 2023 ACTION PLAN OUTCOMES

<b>Principle 7 – Effective Accountability (Ensuring our processes are clear, robust, and open to review)</b>			
<b>We will implement good practices in transparency, reporting and audit, to deliver effective accountability.</b>			
<b>Actions Identified</b>		<b>Outcomes</b>	<b>Status</b>
To ensure audit committee have effective oversight within appropriate terms of reference.	<ul style="list-style-type: none"> <li>We will undertake a review of Corporate Governance and Audit Committee in accordance with CIPFA 2022 Audit Committee / Practical guidance for Local Authorities and Police.</li> </ul>	<ul style="list-style-type: none"> <li>The committee have received and approved the annual report to council, and received assurance that the committee has appropriate oversight and control.</li> </ul>	Completed

## Decision Making – Statement of Internal Control 2023-24

Date: 29 July 2024

Report of: Chief Officer Financial Services

Report to: Corporate Governance and Audit Committee

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

### Brief summary

- This is the annual report, providing assurance to the Committee, that the Council's decision-making arrangements are up to date, fit for purpose, effectively communicated, and routinely complied with.
- This report forms part of the Council's review of the effectiveness of its arrangements for Internal Control and will be considered in preparing the Annual Governance Statement which the Committee will be asked to approve.
- The arrangements set out in the statement of internal control attached at Appendix A provide a framework for transparent and accountable decision making in accordance with the Council's Corporate Governance Code and Framework.

### Recommendations

- a) Members are requested to consider and note the positive assurances set out in the Decision-Making Statement of Internal Control attached as Appendix A to

### What is this report about?

- 1 This annual report to the Committee provides evidence of the assurance available that the Council's internal control environment for decision-making is in place and working effectively.
- 2 A summary of the assurance provided, next steps and assurance statement are set out at the conclusion of the statement of internal control attached at Appendix A.
- 3 This report provides evidence towards the statutory annual review of internal control leading to production of the annual governance statement for 2025.

### What impact will this proposal have?

- 4 The report provides one of the sources of assurance as to the effectiveness of the Council's arrangements for internal control which the Committee can consider when invited to approve the Annual Governance Statement 2025.
- 5 This report, together with the regular internal audit update reports, constitute the Leader's statutory notification of special urgency decision making to Council, as the Committee's terms of reference include the Council's corporate governance arrangements (including matters such as internal control and risk management).

### How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing       Inclusive Growth       Zero Carbon

- 6 Arrangements for the publication of decisions ensure that the Council is open and transparent in its consideration of the councils three Key Pillars.

### What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted?       Yes       No

- 7 The recent survey of internal control has enabled the council's managers to reflect on their experience of the controls relating to decision making, to identify strengths and weaknesses, and to recommend solutions and draw attention to potential opportunities to improve arrangements. Details are set out in the review and refine section of the appendix to this report.

### What are the resource implications?

- 8 The systems and processes in place to meet the requirements of the decision-making framework do so from within existing resources.
- 9 The Statement of Internal Control confirms that arrangements ensure proportionate use of resource to secure open and accountable decision making.

### What are the key risks and how are they being managed?

- 10 The positive assurances set out in the Statement of Internal Control show that the Council's decision-making framework is fit for purpose, embedded, and routinely complied with so there are no risks identified by this report in need of action over and above the described control framework.

### What are the legal implications?

- 11 The Council's decision-making framework meets the statutory requirements in relation to decision making and monitoring of relevant performance indicators ensures compliance.
- 12 The Statement of Internal Control attached confirms that arrangements have been correctly applied and meet the statutory and constitutional framework.



## **Options, timescales and measuring success.**

### **What other options were considered?**

13 This Statement of Internal Control is a valuable source of assurance for the Committee and enables democratic oversight of arrangements. No other option was therefore considered.

### **How will success be measured?**

14 Relevant performance indicators are set out in the Statement of Internal Control.

### **What is the timetable and who will be responsible for implementation?**

15 The decision-making framework is already in place and will remain so.

### **Appendices**

- A – Decision Making Statement of Internal Control

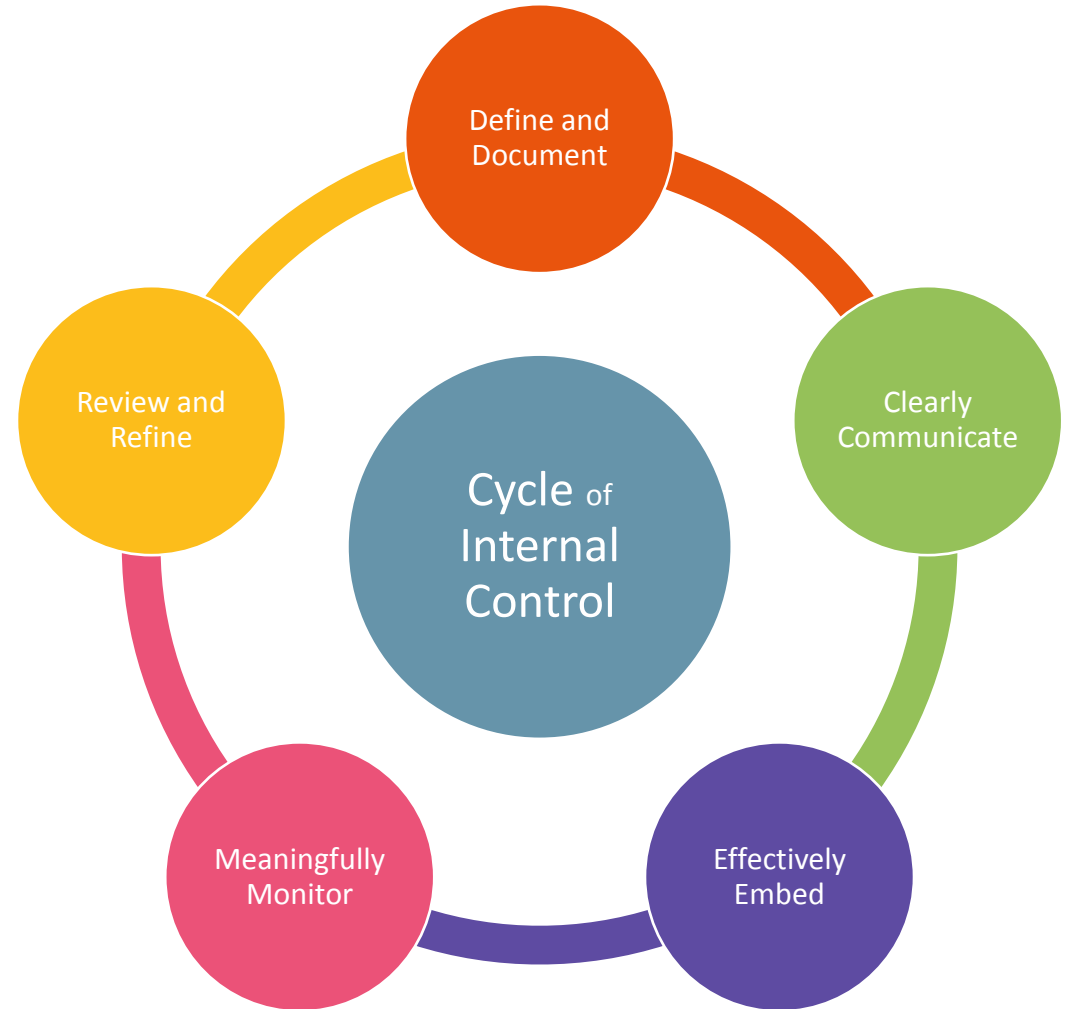
### **Background papers**

- None

This page is intentionally left blank

# Introduction

1. This statement of internal control provides assurance in respect of the Council's decision-making framework; that it is up to date, fit for purpose, embedded, and routinely applied.
2. The decision-making framework is comprised of the documents, systems and processes which guide and control the way in which decisions are taken by Members and Officers in relation to both Council and executive functions.
3. In accordance with the principles and commitments set out in the Local Code of Corporate Governance and the Council's values and behaviours, the framework seeks to promote open, accountable decision-making in addition to ensuring compliance with relevant statutory provision in respect of transparency.
4. The statement sets out the standing arrangements for the internal control of decision-making and provides evidence of compliance over the reporting period from April 2023 to March 2024, and includes reference to changes that will take place over the 2024/25 year, and other opportunities that have been identified to improve these arrangements.
5. The assurance contained in this statement is summarised in the final section, together with an indication of the next steps to be taken. A statement of assurance is provided at the final page.



## Define and Document

7. The Council's decision-making framework is clearly defined and documented within the constitution. The constitution is published each municipal year and therefore available to elected Members, and Officers together with the press and public in the 'library' on the Council's website.
8. The rules and requirements to ensure that decision-making is lawful and compliant, open, and transparent, furthers the Council's strategic objectives, and takes account of available resources are set out in the Articles of the Constitution and further detailed in Rules of Procedure, and Codes and Protocols which guide and frame the culture in which decisions are taken.
9. Roles and Responsibilities are delineated with clear terms of reference for Council and Executive Committees, and comprehensive arrangements for delegation of functions to Officers as set out below. Full Council determine responsibility in respect of Council functions; the Leader of Council determines their Executive Arrangements and presents these to Full Council. Again, all arrangements are in the 'library' the Council's website.
10. The table below sets out details of the formal documentation to establish and support the decision-making framework.

Document in place	Amendments made during reporting period.
<p><b>Decision-making Framework:</b></p> <p><b>Documents which together establish the Council's decision-making framework, providing for open and transparent decision-making by Members and Officers.</b></p>	
<ul style="list-style-type: none"> <li><a href="#">Article 4 The Full Council</a> - defines the Council's budget and policy framework.</li> <li><a href="#">Article 13 Decision-making</a> - defines each category of decision and sets out the principles of decision-making.</li> <li><a href="#">Executive and decision-making Procedure Rules</a> - provide for open, transparent, and accountable decision-making in relation to Executive functions.</li> <li><a href="#">Access to Information Procedure Rules</a> - provide for open, transparent, and accountable decision-making in relation to Council functions.</li> <li><a href="#">Budget and Policy Framework Procedure Rules</a> - provide for open and inclusive development of budget and policy framework, setting parameters for executive decision-making.</li> </ul>	<ul style="list-style-type: none"> <li>Article 4 – amended 11/03/2024 - <a href="#">control sheet 7</a></li> <li>EDMPR – amended 7/5/2024 – <a href="#">control sheet 8</a></li> </ul>

Document in place	Amendments made during reporting period.
<p><b>Rules of Procedure:</b></p> <p><b>Documents which set out rules of procedure for democratic decision-making bodies, and those with oversight of decision-making.</b></p>	
<ul style="list-style-type: none"> <li>• <a href="#">Council Procedure Rules</a></li> <li>• <a href="#">Scrutiny Board Procedure Rules</a></li> <li>• <a href="#">Community Committee Procedure Rules</a></li> <li>• <a href="#">Licensing Procedure Rules</a></li> <li>• <a href="#">Protocol for Public Speaking at Plans Panels</a></li> </ul>	<ul style="list-style-type: none"> <li>• Community committee procedure rules – amended 25/05/2023 – <a href="#">control sheet 2</a></li> <li>• Protocol for public speaking at Plans Panels – amended 23/11/2023 – <a href="#">control sheet 4</a></li> </ul>
<p><b>Ethical Framework for Decision-making:</b></p> <p><b>Codes and Protocols which together establish the ethical framework within which decisions are taken.</b></p>	
<ul style="list-style-type: none"> <li>• <a href="#">Members’ Code of Conduct</a></li> <li>• <a href="#">Employee Code of Conduct</a></li> <li>• <a href="#">Roles of Members and Officers in decision-making</a></li> <li>• <a href="#">Planning Code of Good Practice</a></li> <li>• <a href="#">Code of Practice for the Determination of Licensing matters</a></li> </ul>	<ul style="list-style-type: none"> <li>• Planning code of good practice – amended 23/11/2023 <a href="#">control sheet 4</a></li> </ul>
<p><b>Democratic Oversight:</b></p> <p><b>Arrangements for Member’s oversight of decision-making.</b></p>	
<ul style="list-style-type: none"> <li>• Executive Portfolios - executive portfolios described and aligned to Officer delegations at <a href="#">Part 3</a>, Section 3B (a and b) supported by Deputy and Support Executive Members.</li> <li>• Community Committee Champions - to provide local lead and facilitate local democratic accountability - defined at <a href="#">Part 3</a>, Section 3D(b)</li> <li>• <a href="#">Scrutiny Board alignment</a> - 5 overview and scrutiny committees aligned to Officer delegations in Part 2, Article 6</li> </ul>	<ul style="list-style-type: none"> <li>• 9 Executive portfolios were approved at Full Council for the municipal year 2023-24 <a href="#">Control sheet 1</a></li> <li>• Article 6 amended 7/5/25 <a href="#">Control sheet 8</a></li> </ul>

Document in place	Amendments made during reporting period.
<p><b>Democratic Decision-making:</b>  <b>Arrangements for decision-making by elected Members in committee.</b></p>	
<ul style="list-style-type: none"> <li>• Functions reserved to Full Council - defined in Functions of the Full Council at <a href="#">Part 3, Section 2A</a></li> <li>• Council Committee Membership and terms of reference - set out at Part 3, <a href="#">Section 2B (a) &amp; Section 2B (b)</a></li> <li>• Terms of reference for Committees appointed / delegated to by Executive Board - set out at <a href="#">Part 3, Section 3C</a></li> <li>• Community Committee Executive Delegations - set out at <a href="#">Part 3, Section 3D(a)</a></li> </ul>	<ul style="list-style-type: none"> <li>• Council Committees were appointed at the Annual Council meeting in May 2023 <a href="#">Control sheet 1</a></li> <li>• Community committee terms of reference – amended 25/05/2023 <a href="#">control sheet 2</a></li> <li>• Independent Panel terms of reference – amended 7/5/24 <a href="#">Control sheet 8</a></li> </ul>
<p><b>External Delegations and Joint Working Arrangements:</b>  <b>Arrangements with other authorities for the discharge of functions.</b></p>	
<ul style="list-style-type: none"> <li>• Delegations to and from other authorities in respect of Council functions - set out at <a href="#">Part 3, Section 2D</a></li> <li>• Joint Arrangements in respect of Council and Executive functions - set out at <a href="#">Part 2, article 11</a></li> </ul>	<ul style="list-style-type: none"> <li>• Delegations to other authorities approved at the Annual Council meeting in May 2023. <a href="#">Control sheet 1</a></li> <li>• Delegations to and from other authorities - amended 7/5/24 <a href="#">Control sheet 8</a></li> </ul>
<p><b>Officer Delegations:</b>  <b>Arrangements for the discharge of functions by Officers.</b></p>	
<ul style="list-style-type: none"> <li>• Delegations from Council to Directors include general delegations shared by all Directors and functions delegated specifically to each Director - set out at <a href="#">Part 3 Section 2C</a></li> <li>• Delegations to Directors from the Leader of Council in respect of the discharge of executive functions include general delegations shared by all Directors and functions specifically delegated to each Director - set out at <a href="#">Part 3, Section 3E</a>. Each delegation is made for all relevant matters within the Director’s remit, subject to a saving that should the relevant Executive Member require it, or the Director consider it appropriate, the matter shall be referred to Executive Board for determination.</li> </ul>	<ul style="list-style-type: none"> <li>• Council Delegations appointed at Annual Council meeting in May 2023.</li> <li>• Executive delegations from Leader reported to Council May 2023</li> <li>• Officer delegation schemes – amended 7/5/24 <a href="#">Control sheet 8</a></li> </ul>
<p><b>Sub-delegations:</b>  <b>Arrangements for the delegation of functions from Directors to Officers of suitable experience and seniority.</b></p>	
<ul style="list-style-type: none"> <li>• Each Director is responsible for making maintaining their own scheme of delegation which is published on the <a href="#">Council's website</a>. Authority set out in sub-delegations is bounded by such terms and conditions as are necessary and appropriate in the view of the Director who remains accountable for each function.</li> </ul>	<ul style="list-style-type: none"> <li>• All sub-schemes of delegation were reviewed and refreshed where appropriate for 2023-24.</li> </ul>

## Clearly Communicate

11. In addition to publication of the Council’s constitution, the decision-making framework is communicated to Members and Officers through a combination of training, guidance, and leadership. Together these ensure the communication of both the rules and processes required in formal decision-making to ensure that decisions are lawful and compliant with both statutory and local processes; and establish the culture of open and transparent decision-making, which is outcome focussed and based on quality and timely information.
12. The table below sets out the variety of communication techniques used to share the decision-making framework with Officers and Members.



	<b>Officers</b>	<b>Members</b>
<b>Training</b>	The decision-making toolkit provides a selection of tools and information to support self-help. Practical arrangements to embed the framework are set out in explanatory notes, guidance documents, training tools and templates accessible from the Decision-making Toolkit on Insite.	A written “Introduction to exercising the democratic mandate” was shared with newly elected Members in May 2023. This provides a short (at a glance) guide to the role of elected Members in decision-making. It introduces Members to the ways in which they can exercise democratic oversight of decision-making in addition to any direct contribution they may make as an appointed Member of a relevant committee.

	<b>Officers</b>	<b>Members</b>
<b>Training</b>	A variety of video training sessions have been developed which split the decision-making framework into bitesize sections for Officers to learn or refresh their knowledge on individual areas.	A further, more detailed, “Members guide to decision-making authority, categories and controls” has been developed and was made available for all Members.
<b>Training</b>	In addition to the generalised training offer, 1-2-1 briefing sessions are offered to all Officers appointed to posts at Chief Officer level and above. These are tailored to the individual to reflect their public sector and local authority experience.	In November 2022, a remote presentation on decision-making was offered as part of the Member development programme but received minimal interest (3 Members responded) and was therefore cancelled.
<b>Guidance</b>	<p>The Decision-Making Toolkit, available to Officers on <a href="#">Insite</a>, is regularly updated with advice and guidance which can be accessed at Officers’ convenience, including guidance in relation to:</p> <ul style="list-style-type: none"> <li>• The Principles of Decision-making.</li> <li>• How to take a decision.</li> <li>• How to record a delegated decision.</li> <li>• Decision-making in climate emergency.</li> <li>• Guidance for writing reports for committee and Officer decisions.</li> </ul>	Written material circulated to Members was supported with the offer of further advice or assistance should those be required.
<b>Guidance</b>	<p>Governance Support Managers act as gatekeepers for governance arrangements in directorates and can:</p> <ul style="list-style-type: none"> <li>• provide advice and guidance in relation to practice and procedure for Officer decision-making both corporately and within directorates.</li> <li>• arrange for the publication of relevant notices and documents in line with statutory and Constitutional requirements.</li> <li>• maintain the directorate record of administrative Officer decisions.</li> <li>• liaise with staff in Democratic Services in relation to Committee agendas, reports, and minutes.</li> <li>• provide check and challenge in relation to the use of corporate templates and sufficiency of information.</li> </ul>	N/A



	<b>Officers</b>	<b>Members</b>
<b>Guidance</b>	<p>Colleagues with expertise from legal, human resources, finance and procurement and commercial services provide a further network of support and can:</p> <ul style="list-style-type: none"> <li>• give advice and guidance; and</li> <li>• provide timely check and challenge in relation to matters within their remit.</li> </ul> <p>The value added to the governance of decision-making through the provision of advice is dependent on report authors engaging with the relevant professionals in a timely manner. To best benefit from the expertise available, work continues to ensure a culture in which advice is sought early, with decision makers engaging during the development of ideas to ensure opportunities are not missed (e.g., in relation to consultation; equalities, climate emergency etc...) as well as being incorporated into the routine sign-off of reports for Committee or Officer decision-making.</p>	N/A
<b>Leadership</b>	<p>Officers with delegated authority can review decisions prior to approval to ensure appropriate controls are met. Arrangements for Officer decision-making are established by each Director accountable for decision-making. Some directorates use decision-making panels to support the Officer with delegated authority sharing ownership of decisions in this way; in others the Officer with authority takes the decisions alone. In all cases the Officer taking the decision can seek further information if not satisfied that the report provides sufficient detail.</p>	<p>Consultation arrangements enable Members to provide leadership in their prospective roles as decision takers, portfolio holders, ward Members, community committee champions etc...</p>

## Effectively Embed

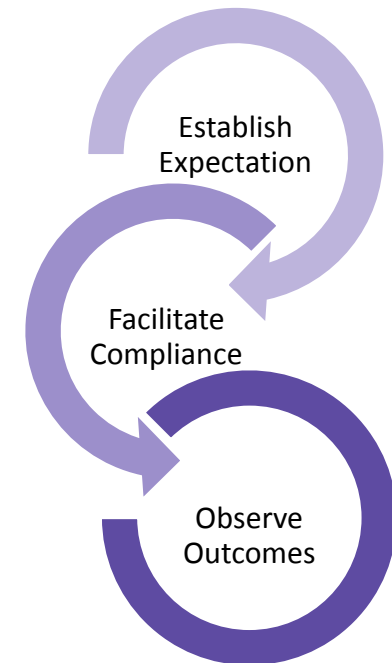
13. To ensure that arrangements are embedded in the values led culture, and meet the requirements of any decision-making framework in local government the following are Key drivers:

- The democratic mandate – enabling Members to have oversight of Officer decision-making and to be satisfied that decisions taken are proportionate, provide value for money, and are in the public interest.
- The appropriate use of public money and response to the financial challenge – ensuring full account is taken of relevant income, cost, and savings to the Council, and how these will be funded.
- Openness and engagement with the public – balancing the need for openness and accountability with agile and responsive decision-making in a framework that does not inhibit the Council's ability to act in the public interest.

14. Regular reviews take place to ensure that the arrangements for recording and publication for Officer decisions are proportionate, practicable and compliant with relevant legislation and constitutional provision. These ensure that the Council is agile and responsive in its decision-making whilst also remaining open and transparent.

15. The arrangements set out below ensure that the decision-making framework is effectively embedded.

16. Amendments to the framework, adopted by Full Council in May 2024, were designed to strike a reasonable balance between speeding up decision-making, reducing bureaucracy and resource required, retaining openness and engagement with the public and being in line with the statutory requirements. It is anticipated that the amendments to the decision-making categories will result in fewer published decisions, although information will remain available to the public when required through other mechanisms<sup>1</sup>.

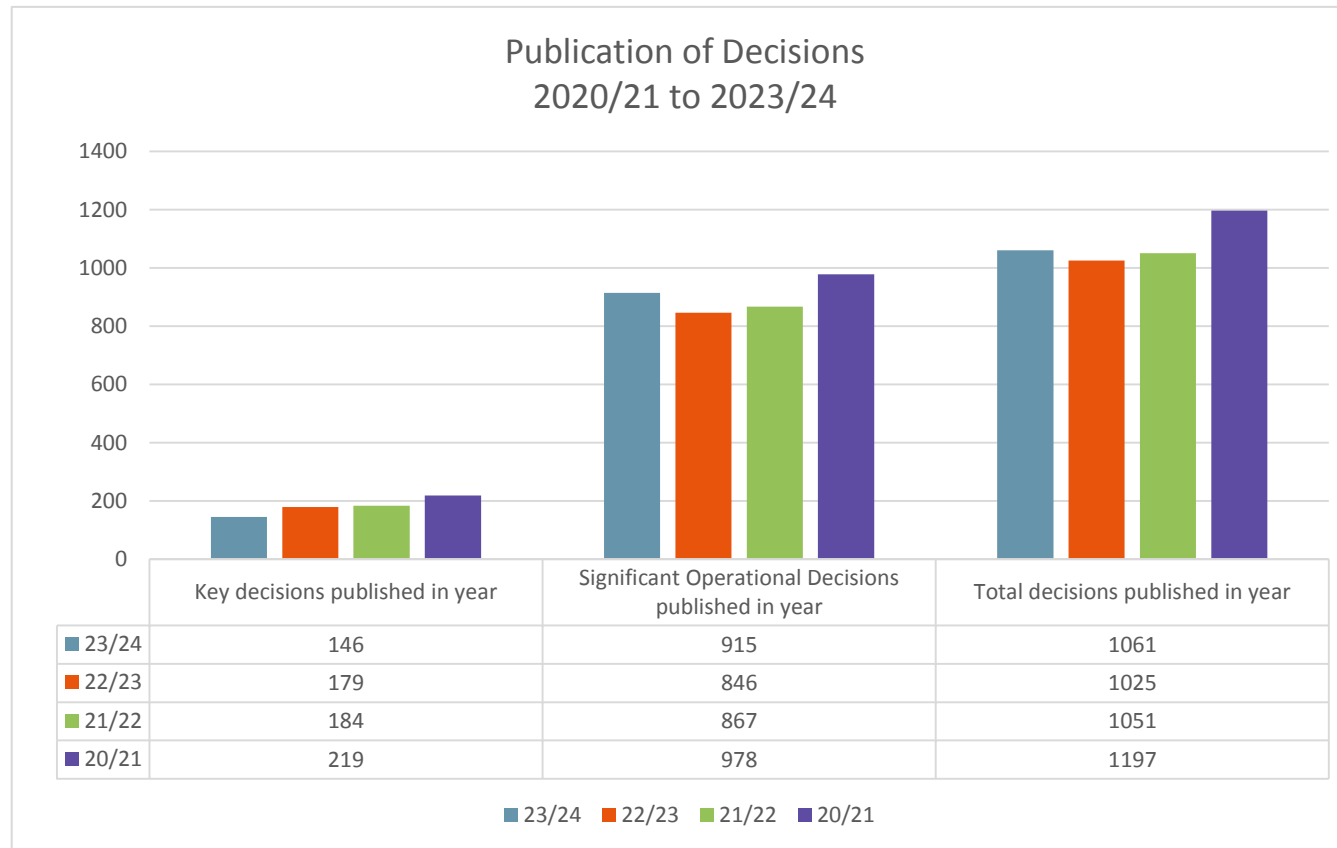


<sup>1</sup> E.g., YORtender – contracts over £10K; Data Mill North – non contract expenditure over £500.

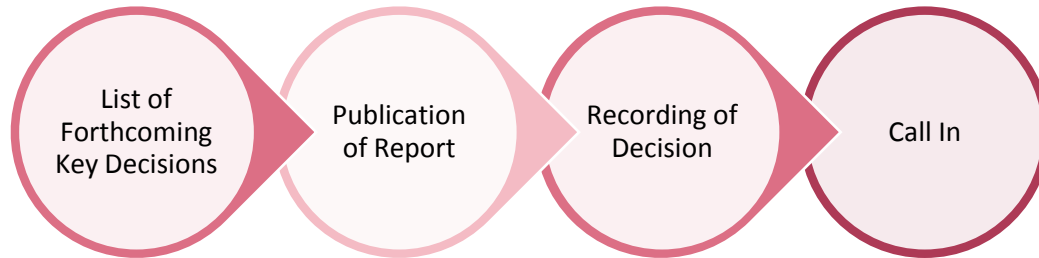
Arrangements in place during the reporting period 2023 to 2024

<p><b>Establish arrangements that are proportionate, practicable and compliant.</b></p>	<ul style="list-style-type: none"> <li>• Arrangements have focussed both on the need to meet statutory and local controls and to engage in open and transparent decision-making.</li> <li>• ‘Tone from the top’ is set to develop a culture of compliance.</li> <li>• Guidance is provided to establish proportionate implementation of controls. Decision makers are encouraged to discuss projects and programmes with governance specialists to ensure decision-making framework is applied proportionately to allow agile decision-making.</li> <li>• Regular monitoring seeks to correct mistakes in real time so providing support and learning.</li> </ul>
<p><b>Ensure appropriate tools and sufficient resource to enable compliance.</b></p>	<ul style="list-style-type: none"> <li>• Arrangements are set out in clear, accessible guidance, and published to the decision-making toolkit on Insite so that Officers can self-serve.</li> <li>• The decision-making framework requires that all Key and significant operational decisions be published on the Council’s website as soon as reasonably practicable after the decision is taken.</li> <li>• To assist Officers preparing information and to ensure consistency of information available to decision makers, the following templates are maintained on the Decision-Making Toolkit, together with clear guides to assist completion:             <ul style="list-style-type: none"> <li>• Request to add a Key Decision to the List of Forthcoming Key Decisions.</li> <li>• Corporate Report Template (to support clear articulation of the information necessary to take relevant decisions and provides focus on the strategic objectives of the Council while avoiding duplication), and</li> <li>• Delegated Decision Notice (for recording that delegated decisions will be or have been taken by Officers)</li> </ul> </li> <li>• When completed and approved relevant documents are published to the Council’s website through Governance Support for each directorate, enabling Governance Support Managers to provide advice, check and challenge in relation to compliance with decision-making controls.</li> </ul>
<p><b>Provide ongoing assurance that practice and procedure reflect expectation.</b></p>	<ul style="list-style-type: none"> <li>• All published Key decisions taken by Officers are monitored to ensure that they comply with the requirements of the decision-making framework. Where anomalies are identified these are escalated through directorate Governance Support Managers who can respond quickly to ensure compliance with relevant procedures or to correct administrative errors where these arise.</li> <li>• In addition, an ongoing review of decisions published is compiled and shared with colleagues in financial services, procurement, and governance support, allowing a comparison of decisions taken against financial recording and procurement activity to ensure that arrangements are consistently embedded within Directorates.</li> <li>• Decision Monitoring enables the tracking of decisions published in each directorate to identify any emerging trends in the number or scale of decisions taken when compared year on year.</li> </ul>

17. A headline indicator that arrangements continue to be embedded effectively, and are used as intended, is in the headline number of decisions published annually. Whilst there were more Significant Operational decisions and fewer Key the total published in the 23/24 year are within the anticipated range. More detailed information is provided in the charts below.



# Meaningfully Monitor



18. There are a series of established controls in place to support open and transparent decision-making in relation to both executive functions. These blend statutory requirements with local arrangements to ensure accountability and democratic oversight.

19. The table below sets out the Key controls, their provenance, and the way in which they are interpreted locally.

	<b>Statutory</b>	<b>Local</b>
<b>List of Forthcoming Key Decisions (LOFKD)</b>	<p>Publicity in Connection with Key Decisions</p> <p>This is a statutory control set out in Regulations 9 to 11 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012. (“The Executive Arrangements Regulations”)</p> <p>It requires that prior notice be given of the intention to take a key decision. In doing so it gives Members and the public opportunity to find out more about proposals and to engage with the decision maker prior to the decision being taken.</p>	<p>The List of Forthcoming Key Decisions</p> <p>In line with regulations the Executive and Decision-Making Procedure Rules provide that all potential Key decisions must be published to the LOFKD (and a link circulated to all Members) not less than 28 days before the decision is taken unless:</p> <ul style="list-style-type: none"> <li>• The decision fits the General Exception (GE) – in which case notice will be published 5 clear days in advance of the decision being taken (and circulated to all Members); or</li> <li>• The decision fits the criteria for Special Urgency (SU) – in which case the relevant Scrutiny Chair will be asked to agree that the decision is urgent and cannot be delayed.</li> </ul>

<p><b>Publication of Report</b></p>	<p>Legislation (Paragraph 4(2) of Schedule 12 and Section 100B (3) of Part VA of the Local Government Act 1972) require that reports be published with the agenda pack five clear days before a committee meets.</p>	<p>There is no statutory requirement to publish reports in relation to Officer decisions in advance of those decisions being taken. However, in accordance with Council’s Constitution, the Executive and Decision-Making Procedure Rules provide a requirement that a report in support of a key decision to be taken by an Officer is published five clear working days before that decision is taken.</p> <p>In 2018, the rules were amended by Council to allow for the late publication of reports in relation to Key decisions with the approval of the relevant Executive Member.</p>
<p><b>Recording of Decision</b></p>	<p>Legislation (The Openness of Local Government Bodies Regulations 2014, and the Local Authorities (Executive Arrangements) (Meetings &amp; Access to Information) (England) Regulations 2012) require that a written record of specified decisions be made available as soon as reasonably practicable.</p>	<p>The delegated decision notice together with supporting report provide a record of each relevant decision.</p> <p>Administrative decisions are subject to a proportionate written record but are not required to be published.</p>
<p><b>Call In</b></p>	<p>Legislation (Section 9F of the Local Government Act 2000) requires that executive arrangements by a local authority include the provision for appointment of one or more Overview and Scrutiny Committees with, power to review or scrutinise decisions made, or other action taken, in connection with the discharge of any functions which are the responsibility of the executive.</p> <p>This includes the power to review or scrutinise a decision made but not implemented and to recommend that the decision be reconsidered by the person who made it, or to arrange for its function under subsection (2)(a), as far as it relates to the decision, to be exercised by the authority.</p>	<p>In line with the legislation Part 8 of the Executive and Decision-Making Procedure Rules sets out the “call-in” arrangements adopted by Leeds City Council.</p> <p>Subject to limited exceptions, all decisions of executive board and Key decisions taken by Officers are eligible for call in.</p> <p>In addition, the rules provide for the exemption of eligible decisions from call in where the decision is urgent because any delay would seriously prejudice the Council’s or the public’s interests.</p>

### The List of Forthcoming Key Decisions (LOFKD)

20. The statutory GE and SU provisions acknowledge that it is not always possible to give 28 days' notice prior to taking a key decision and to expect that all decisions were included in the LOFKD for this time would be unrealistic. Reflecting this, a performance indicator has been set asking that 95% of all Key decisions should be published to the LOFKD not less than 28 clear calendar days before the decision is taken.
21. The target for Key decisions included in the List of Forthcoming Key Decisions was increased from 89% to 95% by Corporate Governance and Audit Committee in June 2020, having considered performance over the preceding four reporting periods, which had not fallen below 95%. It was acknowledged at the time that the requirement for urgent and agile decision-making in response to the Covid-19 pandemic would impact on the inclusion of decisions on the list for the full 28 days, but non the less Members felt it appropriate to aim for the higher target. There has been consistent improvement against the performance indicator since the pandemic - from 83% in 2020-21, 93% in 2021-22 and 94% for 2022-23. As the performance indicator for the current year shows further improvement and exceeds the performance indicator for the first time since the pandemic, it is considered that the 95% target remains appropriate and achievable and it is not therefore proposed that this should be amended further at this time.

**During the reporting period 144 of 149 or 97% of all Key decisions were included in the LOFKD.**

22. Each Key decision not included in the LOFKD for the required 28-day period, was taken under the appropriate conditions for either the general exception or special urgency. Reasons for treating each of these decisions as general exception or special urgency have been detailed in quarterly update reports provided to Corporate Governance and Audit Committee
23. The charts below show how use of the general exception and special urgency provisions are split between decisions taken by Officers and those taken by executive board. They also demonstrate visibly that most Key decisions are included in the LOFKD for 28- clear days as required by the rules.

	Included in LOFKD	General Exception	Special Urgency	
Officer Key decisions	112	2	2	<p><b>Executive Board Key Decisions</b></p> <p>1 0</p> <p>32</p> <p>■ Included in LOFKD ■ General Exception ■ Special Urgency</p>
Executive board Key decisions	32	1	0	<p><b>Officer Key Decisions</b></p> <p>2 2</p> <p>112</p> <p>■ Included in LOFKD ■ General Exception ■ Special Urgency</p>
All Key decisions	144	3	2	



### Publication of Report

24. Publication of a decision report enables both elected Members and the public to see and consider the rationale for a key decision before that decision is taken. It therefore supports both transparency and engagement with the decision-making process. Use of a corporate report template ensures that all relevant matters are considered.
25. Rule 5.4 of the Executive and Decision-Making Procedure Rules requires an annual report to this Committee giving details of any Key decisions taken in accordance with this provision which provides for the late publication of the report supporting an Officer decision.

**During the reporting period 116 of 116 (100%) of Key decisions taken by Officers were supported by reports which were published five clear working days in advance of the decision being taken. No reports were published late.**

### Recording of Decision

26. Recording of decisions ensures that those decisions are open and transparent, and that the decision maker can be held to account.
27. Regulations<sup>2</sup> require a written record to be published in respect of decisions taken by Officers. Arrangements set out in the Executive and Decision-Making Procedure Rules, and Access to Information Procedure Rules respectively, require publication of Key and significant operational decisions as soon as reasonably practicable after those decisions are taken.

**During the reporting period, 149 Key and 915 Significant Operational Decisions were published.**

### Call In

28. Again, recognising the need for agile and responsive decision-making in matters of urgency, a performance indicator has been set with a target of 95% of all eligible decisions to be available for Call In.

**During the reporting period 175 of 182 (96%) of eligible decisions were available for Call In.**

29. Each eligible decision not available for call in was subject to a decision to exempt it taken by the relevant decision maker. Reasons for exemption have been detailed in quarterly decision-making update reports included with the Internal Audit Update reports.

<sup>2</sup> Regulation 13 of the Executive Arrangements Regulations, and (in relation to non-executive functions) Regulation 7 of the Openness of Local Government Bodies Regulations 2014

	Eligible and Available for call in	Exempt from call in	Not eligible for call in	
Officer Key decisions	113	2	1	<p><b>Officer Key Decisions</b></p> <p>2 1</p> <p>113</p> <p>■ Eligible and Available for Call In ■ Exempt from call in ■ Not eligible for call in</p>
Executive board Key and other decisions	62	5	10	<p><b>Executive Board Decisions</b></p> <p>10</p> <p>5</p> <p>62</p> <p>■ Eligible and Available for Call In ■ Exempt from call in ■ Not eligible for call in</p>
Totals	175	7	11	

30. Monitoring undertaken indicates that use of the exemption has returned to pre-pandemic levels and that the performance indicator is realistic and proportionate whilst being appropriate challenging. It is not therefore recommended that there is any need to consider variation of the performance indicator currently.

**Use of Call In**

31. Three decisions were subject to Call In proceedings during the reporting period as detailed in the table below.

<b>Decision</b>	<b>Subject</b>	<b>Scrutiny Board</b>	<b>Call In Meeting</b>	<b>Outcome</b>
<a href="#"><u>Delegated Decision D56747</u></a>	Active Travel Tranche 3 - A660 Corridor	Infrastructure, Investment, and Inclusive Growth	<a href="#"><u>27th September 2023</u></a>	Released for implementation
<a href="#"><u>Executive Board Minute 49</u></a>	Future of six high rise and resident rehousing - Bailey and Brooklands Towers, Ramshead Heights, Leafield Towers, Raynville Court and Grange.	Environment, Housing and Communities	<a href="#"><u>6th November 2023</u></a>	Released for implementation
<a href="#"><u>Delegated Decision D56971</u></a>	Lawnswood Roundabout Improvement Scheme - Approval to Proceed with Further Development and Delivery.	Infrastructure, Investment, and Inclusive Growth	<a href="#"><u>3rd January 2024</u></a>	Released for implementation

**Decisions Taken Under Urgency Provisions**

32. Decisions taken under urgency provisions (general exception or special urgency; short notice reporting; and exemption from call in) are both lawful and constitutional providing they meet the requirements in relation to approvals and notice set out in the relevant Executive and Decision-Making Procedure Rule. Having reviewed each of the decisions taken under urgency provisions during the reporting period the Chief Officer Financial Services is satisfied that all decisions have been taken in accordance with the relevant requirements.

33. Regulation 19 of the Executive Arrangements Regulations require that the executive Leader reports to the local authority details of those decisions agreed as urgent in accordance with Regulation 11 (Special Urgency)<sup>3</sup>. This requirement has been satisfied by the provision of regular updates in relation to urgent decision-making included within Internal Audit update reports: [June 2023](#); [September 2023](#); [February 2024](#); and [June 2024](#).
34. In summary, of the decisions treated as urgent (General exception; special urgency or exemption from call in):
- 1 decision was published one day late as the result of administrative error.
  - 3 decisions were subject to timelines imposed by external agencies / statutory processes.
  - 3 decisions were taken using urgency procedures to help meet the Council's financial challenge.
  - 4 were taken using urgency procedures to avoid impact on Council's strategic objectives.

### **Decisions Not Treated as Key**

35. Regulation 18 of the Executive Arrangements Regulations requires that a relevant Scrutiny committee may require the executive to report to Council if a key decision has not been treated as Key.

**During the reporting period 0 decisions have been referred to a Scrutiny Board as wrongly treated.**

### **Comparative Data**

36. The table set out below shows comparative data for the last four reporting periods in relation to each of the relevant controls for executive decision-making.
37. Members will note the consistent improvement in percentage compliance with substantive control and reduction in reliance on urgency provisions.

---

<sup>3</sup> As the Committee charged with reviewing the adequacy of the Council's Corporate Governance arrangements (including matters such as internal control and risk management), Corporate Governance and Audit Committee receives this information within the reporting of arrangements for the control of decision-making.

DECISION-MAKING – STATEMENT OF INTERNAL CONTROL

Reporting Period	Target	2020/21	2021/22	2022/23	2023/24
Number of Key decisions on LOFKD	N/A	181	173	167	144
Percentage Key decisions on LOFKD	95%	83%	94%	94%	97%
Number of Key decisions taken under general exception	N/A	13	6	5	3
Number of Key decisions taken under special urgency	N/A	25	7	6	2
Percentage reports for Officer decisions published in time	N/A	99%	100%	99%	100
Number of executive decisions eligible for call in	N/A	282	229	233	182
Number of executive decisions available for call in	N/A	235	209	221	175
Percentage eligible executive decisions available for call in	95%	83%	91%	95%	96%
Number of executive decisions called in	N/A	4	0	1	3
Decisions released for implementation following call in	N/A	4	0	1	3
Recommendations made following call in	N/A	0	0	0	0

Decision-making by Committees.Publication of Agendas

38. Section 100B of the Local Government Act 1972 in respect of meetings of the Council and its committees, and Regulation 7 of the Executive Arrangements Regulations in respect of meetings of Executive board and its committees, require that reports be published alongside the agenda for five clear days before relevant business is considered by a meeting of the committee.
39. Both provisions make allowance for lawful late publication of agendas in circumstances where the meeting is convened at late notice.
40. A performance indicator has been set with a target of 99% of agendas to be issued and published within the five-day statutory deadline set out above. This target reflects the Council's minimal use of the short notice provisions referred to above.

171 of 171 (100%) agendas were published five clear working days in advance of the meeting.

Publication of Minutes

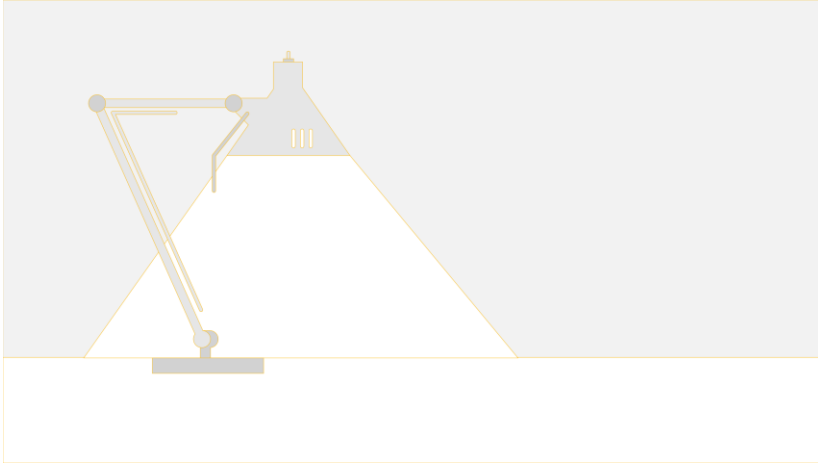
41. Schedule 12 Local Government Act 1972 requires that minutes of the proceedings of a meeting of a local authority must be prepared and signed at the same or next suitable meeting of the authority by the person presiding at the meeting. Section 100C of the Act requires that minutes be available for inspection for a period of six years following the meeting, although there is no statutory provision as to the period for the publication of Committee minutes. Regulation 12 of the Executive Arrangements Regulations requires that notice of executive decisions made at meetings of decision-making bodies is published as soon as reasonably practicable after the meeting takes place.
42. To make decisions of Leeds City Council and its executive accessible and transparent a local target has been established of 90% of draft minutes to be published on the Council's internet site within ten working days.

198 of 208 (96%) minutes were published within ten clear working days of the meeting.

43. In addition, the Executive and Decision-Making Procedure Rules require that minutes for all meetings of Executive Board are published within two working days of the meeting. This permits prompt availability of Executive Board decisions for call-in and minimises the delay to implementation necessary to allow for the call-in process.

10 of 10 (100%) Executive Board minutes were published within two working days of the meeting.

## Review and Refine



44. The opportunity to review and refine the internal control environment ensures that the Council strives for continuous improvement. In the case of the decision-making framework this requires

- A control environment which delivers open and accountable decision-making, which takes all relevant matters into consideration to deliver sustainable decisions to give effect to the Council's ambitions.
- Robust application of the democratic mandate
- Realistic and agile controls to make proportionate use of Officer resource to comply.

### Adequacy and Resilience of Internal Controls

45. The documents, systems and processes which together form the Council's decision-making framework have been under continuous review during this reporting period. Much of the outcome of this monitoring is reported in the previous section.

46. In addition, a sample testing regime has been in place to examine the adequacy of reporting in relation to Key Officer decisions. The testing strategy developed supports consideration of:

- categorisation of decisions - to ensure that they are subject to appropriate controls.
- authority – to ensure that decisions are taken by authorised Officers under relevant delegations from accountable directors.
- transparency – to ensure that any restriction of access to information is appropriately recorded.
- supporting information – to ensure that decision makers have appropriate, proportionate, and timely information.

47. Decisions are sampled quarterly with sampling weighted in accordance with decisions taken. Review ensures that report templates are correctly completed, and information provided to support the decision taken (including aims and objectives, impact, alternative options, consultation and engagement, legal and resource implications, risks, and how the decision supports the Council's strategic pillars.) Each decision is then categorised as satisfactory or unsatisfactory. To date all decisions sampled over the reporting period have been satisfactory. Should a decision be found to be unsatisfactory there are appropriate escalation measures in place.

### Peer Review

48. During 2022/23 the Council welcomed the Local Government Association Corporate Peer Challenge which included within its report the following relating to governance and decision-making.

*“The overall impression given in the Council’s approach to governance is that Leeds is a self-aware, reflective organisation which is open to challenge and learning. It could improve further by exploring in more detail and tackling some of the concerns of middle managers about the speed of delegated decision-making, which at times feels too slow for the ambition of the Council and causes frustration at this level, particularly for those working in corporate and support functions. Whilst the peer team gained a small insight into concerns of middle managers, taking some more time to research and understand those concerns would be a step in reducing what some perceive to be as unnecessary bureaucracy and an opportunity to improve user satisfaction.”*

49. A review of the constitution was undertaken during the reporting period. In addition to the Peer Review, the drivers for the review included:

- The need for the constitution to remain fit for purpose so that it reflects our values and how we work with partners as well as supporting and complementing the Council’s governance framework; complying with legislative requirements; supporting the democratic oversight of decisions; continue to provide appropriate check and challenge around the use of public money and to ensure openness and engagement whilst remaining agile and responsive.
- The need to reduce duplication, maximise efficiencies and minimise bureaucracy with a view to increasing workforce capacity in response to financial challenge, staff survey results around work pressures and the Organisational Plan objectives.

50. The review resulted in amendments to the constitutional provisions at the heart of the decision-making framework and were considered by General Purposes Committee before being recommended to Council where they were approved.



**Survey of Internal Control**

- 51. The Survey of Internal Control<sup>4</sup> has again been conducted to provide first line assurance in relation to all Key systems of internal control by seeking an assessment from operational managers as to how the arrangements underpinning the Local Code of Corporate Governance Code are embedded on the ground.
- 52. The decision-making framework supports three of the seven principles in the Local Code of Corporate Governance and the commitments made to give effect to these principles.

Principle	Commitments
<p><b>Principle 2: Ensuring openness and engagement:</b></p> <p>We will ensure openness and comprehensive stakeholder engagement</p>	<p>We are committed to a culture of openness and will be transparent in our decision-making.</p> <p>We will use appropriate means to consult and engage with service users, local communities, and stakeholders to inform our activity.</p> <p>We will develop formal and informal partnerships to ensure efficient use of resources and sustainable achievement of outcomes.</p>
<p><b>Principle 4: Determining effective interventions:</b></p> <p>We will determine the interventions necessary to optimise the achievement of the intended outcomes</p>	<p>We will ensure that decision makers are provided with relevant, timely information to support decisions which are proportionate, sustainable, and realistic to meet identified aims and outcomes.</p> <p>We will ensure that our financial planning, and budgeting processes inform, reflect, and support our decision-making.</p> <p>We will consider best value in respect of all strategic objectives through the delivery of service specific outcomes.</p>
<p><b>Principle 6: Developing Capacity:</b></p> <p>We will develop the Council’s capacity, including the capability of its leadership and the individuals within it</p>	<p>We will continually review how we use our assets and information to achieve outcomes efficiently and effectively.</p> <p>We will develop, maintain, and implement arrangements which support and develop the capacity of Members and Officers.</p> <p>We will ensure that leadership roles are clear and defined and that relationships between elected Members and Officers work effectively to set and implement our strategic goals.</p>

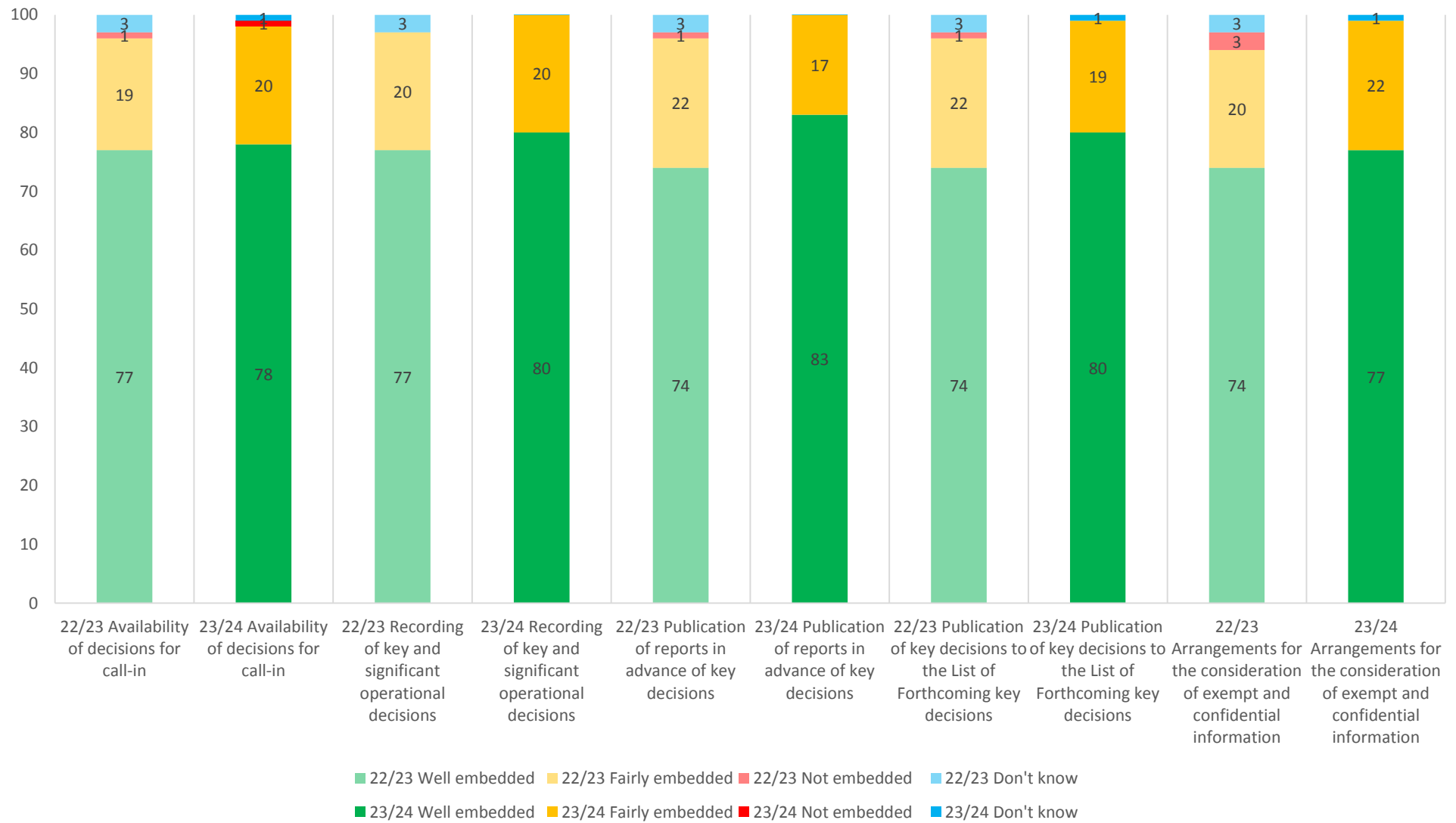
<sup>4</sup> A MS Form survey conducted amongst Senior Officers to support the review of internal control underpinning the Council’s Annual Governance Statement

53. 138 of 176 (78%) invited participants provided their view as to whether controls are embedded and applied in their service. In addition, they were invited to identify any weaknesses in the governance arrangements, and how those could be improved.
54. Quantitative responses are set out in the graphs below for each of the three principles with controls which relate to the decision-making framework.

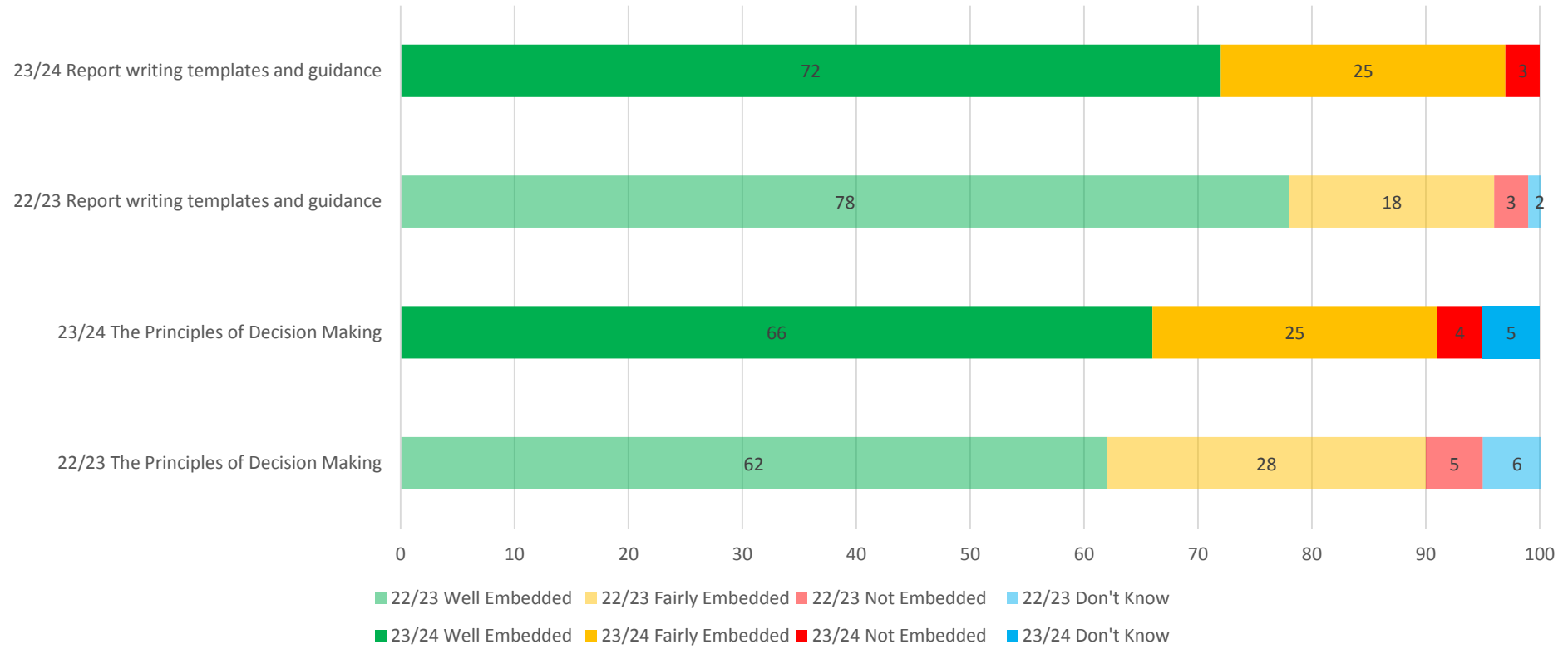
Questions asked	Survey outcomes
<p><b>Principle 2:</b> Questions asked about arrangements in place to support a culture of openness and transparency in decision-making. The controls in place are designed to underpin the way we enable Members, stakeholders, and the public to engage with the decision taker when taking decisions, from the planning stages through to implementation.</p>	<p>We were pleased to note that good results have improved still further across the range of controls.</p>
<p><b>Principle 4:</b> Questions asked about arrangements to support proportionate, sustainable, and realistic decisions. The controls in place ensure that decision makers have the appropriate information to be able to take decisions that direct resources to sustainably deliver the Best City Ambition, the three strategic pillars and the strategic objectives within those.</p>	<p>The principles of decision-making have been further embedded into the Executive and Decision-Making Procedure Rules as part of the constitutional review. This is intended to underscore the importance of these principles of good governance, in conjunction with our values, to shape our behaviours and underpin the way in which we work to achieve our ambitions.</p>
<p><b>Principle 6:</b> Questions asked about arrangements for delegated decision-making including:</p> <ul style="list-style-type: none"> <li>• The delegation of functions to Officers</li> <li>• internal governance arrangements</li> <li>• arrangements for exercising the democratic mandate through Member consultation and decision-making; and</li> <li>• The codes and protocols supporting the roles of Members and Officers in decision-making</li> </ul>	<p>We were pleased to note that good results have improved still further across the range of controls.</p>

55. Overall results show that arrangements are substantially embedded with less than 5% of respondents indicating that arrangements are not embedded or that they do not know in relation to all but one control. It will be noted that the outlier response relates to the principles of decision-making and action has been taken to address this within the review of the constitution.

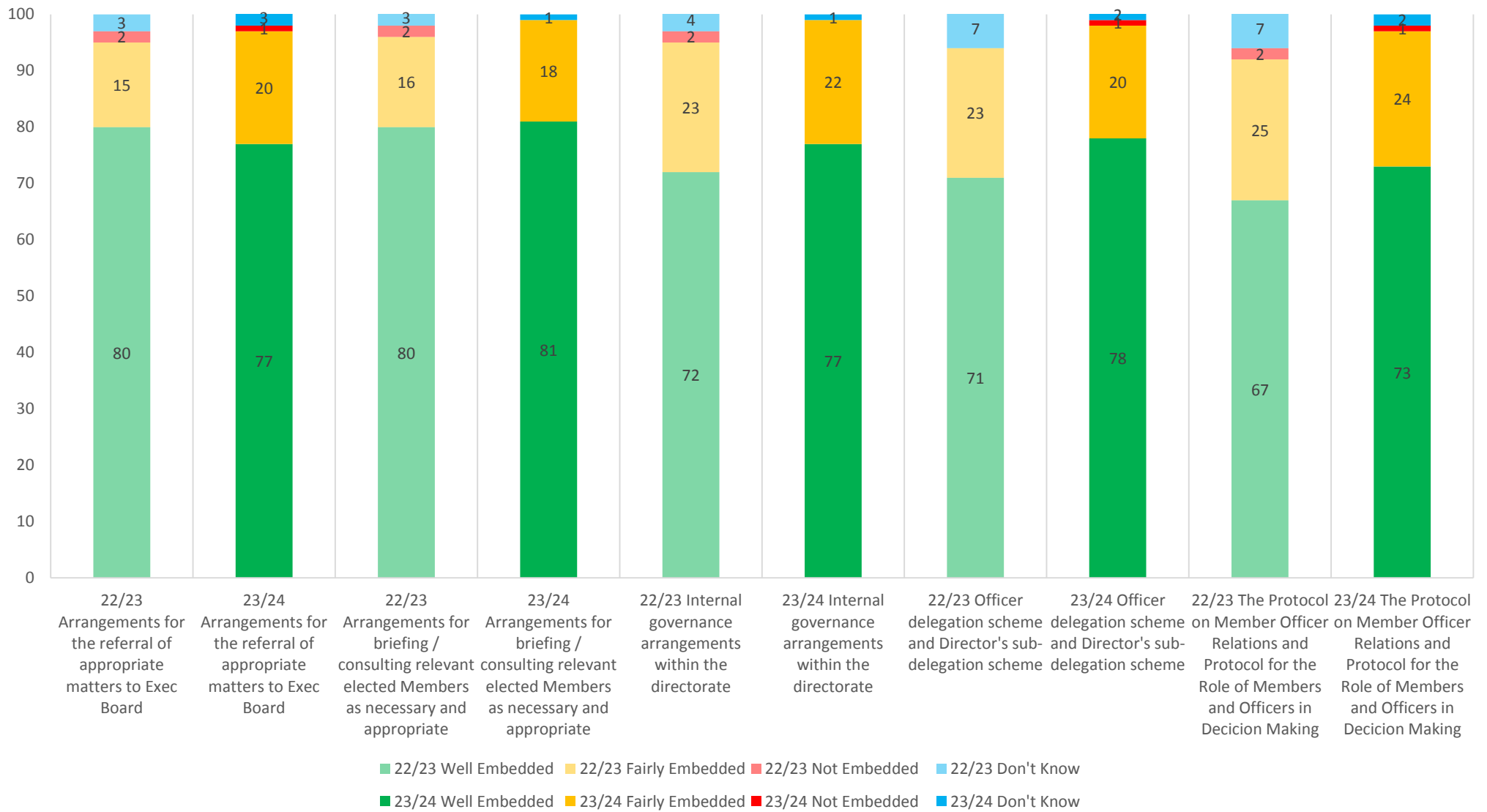
Comparative % - Arrangements for open and transparent decision-making.



Comparative % - Determining Effective Interventions.



Comparative % - Arrangements for delegated decision-making



Learning from the survey

56. We have also considered the Key messages delivered in the qualitative responses to the survey.

As there have been changes at the Senior Management team level the process of taking formal decisions is not as well known by some new Members of the team. However, they have support on this from Myself and the Deputy CO to ensure compliance and build up their understanding and knowledge of the subject.

However, our role also means we are very well placed to make us aware of the areas where engagement and awareness is lacking. It can still feel like there is a mystique around decision-making

Confident that the arrangements are robust and appropriate but will reflect further with colleagues.

1. A review of the qualitative responses made in the survey, shows that there were many positive responses with assurance that arrangements in place are robust.
2. Equally, where weakness has been identified the comments speak of arrangements in place to address those issues.
3. There is a requirement raised for further communication to build awareness of the decision-making framework and this will be achieved as part of the plan to embed the amended arrangements.

I think that we have made good progress on the governance side over the last 12 months and that there is a more robust check and challenge happening within the service.

. In terms of Key decisions etc. it is often a challenge to know the dates and rotation of particular panels. However, there are Key individuals to help staff through this process, which works well.

Appropriate colleagues are aware of decision-making rules, and the sign off process provides assurance that the correct steps have been followed.



# Decision Making

## KEY

- Over £500K or
- Significant impact in an area the size of one ward or more
- Not exempt

## ADMINISTRATIVE

### Publishable administrative

- Over £250K or
- Other reason to publish

### Administrative

- All other administrative

For further information go to InSite:  
[Decision making\\_\(leeds.gov.uk\)](http://Decision_making_(leeds.gov.uk))



## Things to do before decision taken

### KEY

1. List of Forthcoming Key Decisions (28 calendar days); and
2. Advance publication of DDN and DDR (5 working days)

### ADMINISTRATIVE

- No prior publicity required

## Things to do after decision taken

### KEY




1. Publish (if not already published)
2. Call In
3. Implement

### PUBLISHABLE ADMINISTRATIVE



1. Implement
2. Publish DDN & DDR

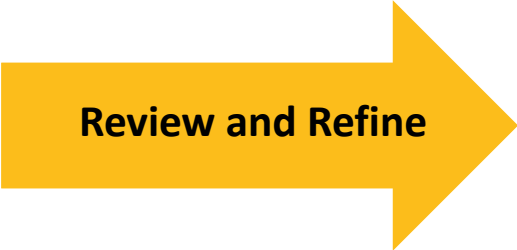
### ADMINISTRATIVE

1. Implement
2. Keep proportionate written record

	Assurance Summary	Next Steps
 <p><b>Define and Document</b></p>	<ol style="list-style-type: none"> <li>1. The Council’s decision-making framework is clearly defined and documented within the constitution.</li> <li>2. The rules and processes required in formal decision-making ensure that decisions are lawful and compliant with both statutory and local requirements.</li> <li>3. Roles and Responsibilities are delineated with clear terms of reference for Council and Executive Committees, and comprehensive arrangements for delegation of functions to Officers.</li> </ol>	<ol style="list-style-type: none"> <li>4. A review of the decision-making framework, undertaken as part of a wider review of the constitution in accordance with the annual governance statement action plan. Amendments to Article 13 and the Executive and Decision-Making Procedure Rules were approved by Council at the annual meeting in May 2024, and have been published as part of the 24/25 constitution. These will be further reviewed as arrangements become operational to ensure that they are working as anticipated with no unintended.</li> </ol>
 <p><b>Clearly Communicate</b></p>	<ol style="list-style-type: none"> <li>5. The decision-making framework is communicated to Members and Officers through a combination of training, guidance, and leadership. Together these ensure the communication of the practical processes; and establish the culture of open and transparent decision-making, which is outcome focussed and based on quality and timely information.</li> </ol>	<ol style="list-style-type: none"> <li>6. A communication plan has been put in place following the review of the decision-making framework. The plan uses a variety of communication techniques to raise awareness of the changes; provide details of the implications for decision-making; and support decision makers as the changes are embedded.</li> </ol>
 <p><b>Effectively Embed</b></p>	<ol style="list-style-type: none"> <li>7. Arrangements have been established that are proportionate, practicable and compliant.</li> <li>8. Regular updates ensure that proportionate tools reflect available resource to enable compliance.</li> <li>9. Monitoring provides ongoing assurance that practice and procedure reflect expectation.</li> </ol>	<ol style="list-style-type: none"> <li>10. A one-page description of the new arrangements (see previous page) has been created to assist Officers identifying the category of a decision and the controls which apply.</li> <li>11. Significant work has been undertaken to review and refresh the decision-making toolkit</li> </ol>



	Assurance Summary	Next Steps
 <p><b>Effectively Embed</b></p>		<p>reflect arrangements established during the review.</p> <p>12. A new delegated decision notice has been developed avoiding the duplication of the supporting report and ensuring equality, diversity, cohesion, and inclusion matters have been fully considered.</p> <p>13. Work is being undertaken to identify the way in which digital tools can be used to capture and record decision-making approvals together with a proportionate record of the reasons for them.</p>
 <p><b>Meaningfully Monitor</b></p>	<p>14. Detailed monitoring shows that controls are effectively communicated and meaningfully embedded.</p> <p>15. Although the Covid pandemic had a significant impact on performance indicators because of the need for a significant number of urgent decisions, performance indicators show a return to pre-pandemic levels of compliance, confirming that controls are effectively embedded and routinely applied.</p>	<p>16. There are no changes in relation to the decision-making framework for Key decisions taken by executive board or by Officers. These will continue to be monitored and urgent decisions reported to Corporate Governance and Audit Committee in the regular internal audit update reports.</p> <p>17. Decision monitoring arrangements have been adjusted to reflect the cessation of the significant operational category of decisions, and the publication of some administrative decisions.</p> <p>18. Publishable administrative decisions will be subject to ongoing monitoring by the Corporate Governance team; and the maintenance of written records in relation to administrative decisions will be routinely considered as part of ongoing internal audit activity; enabling any</p>

	Assurance Summary	Next Steps
		<p>unanticipated consequences of the changes to be noted and responded to, as necessary.</p>
 <p><b>Review and Refine</b></p>	<p>19. Arrangements are under continuous review to ensure a control environment which delivers open and accountable decision-making, which takes all relevant matters into consideration to deliver sustainable decisions to give effect to the Council’s ambitions. Particularly the control environment should ensure:</p> <ul style="list-style-type: none"> <li>• Robust application of the democratic mandate, and</li> <li>• Realistic and agile controls to make proportionate use of Officer resource to comply.</li> </ul> <p>20. Positive, and improving, responses to the Survey of Internal Control indicate that arrangements balance robust control environment with proportionate use of resources.</p>	<p>21. We will continue to monitor decision-making and use the findings in a review of the constitutional changes in approximately twelve months’ time.</p> <p>22. We will undertake some desk top benchmarking and use the findings to consider whether amendments to the process and template for the sub-delegation of functions could provide greater transparency and flexibility for decision makers.</p>

## Statement of Assurance

23. Having undertaken the review of the system of internal control for Decision-making outlined in this statement, the Chief Officer Financial Services is satisfied that the arrangements are up to date and fit for purpose, that they are communicated and embedded and that they are routinely complied with.
24. The Chief Officer Financial Services has identified the following opportunities for enhancement of the system of internal control for decision-making and will implement these over the course of the 2024/25 municipal year.

### Opportunities for improvement

<b>Define and Document</b>	<ul style="list-style-type: none"> <li>We will review new decision-making arrangements as they are embedded to ensure that there are no unintended consequences.</li> </ul>
<b>Clearly Communicate</b>	<ul style="list-style-type: none"> <li>We will implement the communication plan for the new decision-making arrangements.</li> <li>We will review and update the e-learning modules to support Officers who are new to decision-making roles, or new to the Council.</li> </ul>
<b>Effectively Embed</b>	<ul style="list-style-type: none"> <li>We will continue to review the tools and templates available to ensure that they are fit for purpose within the amended decision-making control environment.</li> <li>We will explore the use of digital technology to support agile decision-making.</li> </ul>
<b>Meaningfully Monitor</b>	<ul style="list-style-type: none"> <li>We will continue to monitor arrangements for Key decisions.</li> <li>We will develop proportionate arrangements to monitor administrative decisions</li> </ul>
<b>Review and Refine</b>	<ul style="list-style-type: none"> <li>We will continue to monitor decision-making and use the findings in a review of the constitutional changes in approximately twelve months' time.</li> <li>We will undertake a review of the process and template for the sub-delegation of functions.</li> </ul>

This page is intentionally left blank

## Governance Arrangements to Support Delivery of the Core Business Transformation Programme

Date: 29<sup>th</sup> July 2024

Report of: Victoria Bradshaw, Chief Officer Financial Services

Report to: Corporate Governance and Audit Committee

Will the decision be open for call in? N/A

Does the report contain confidential or exempt information?  Yes X No

### Brief Summary

### Recommendations

- a) Members are requested to consider and note the assurances provided in this report.

#### What is this report about?

- This report provides assurance to the Corporate Governance and Audit Committee that the governance arrangements established for the Core Business Transformation (CBT) programme are up to date, fit for purpose, operating effectively, and are complied with. The programme delivery framework (described in [Appendix I](#)) has been designed to ensure that:
  - a) decisions are in accordance with the standard best practice guidance and advice provided by experienced external Consultants engaged at various stages throughout the programme to support corporate transformation.
  - b) aligns with statutory and corporate requirements in relation to programme/project delivery and decision making.
  - c) aims and ambitions outlined in the CBT Business Cases are achieved.
  - d) that all options and recommendations are informed using robust sources of intelligence including internal subject matter and technical experts, experienced external Consultants, professional Advisory Services, lessons learned from other Councils.

#### What impact will this proposal have?

- This report provides assurance of the effectiveness of the arrangements for successful procurement, design and implementation of the new core business (Finance, HR, Payroll, Procurement) technologies and achievement of the aims and objectives outlined in the business case for the Core Business Transformation Programme ([D55730](#)).

#### How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing       Inclusive Growth       Zero Carbon

- Core Business Transformation is an enabling programme that underpins successful delivery of the ambitions outlined in the corporate Organisational Plan, Financial Strategy, People Strategy and Procurement Strategy/LGA Action Plan. Although primarily a business change programme,

successful design, and implementation of new, modern, and fit for purpose technology is key to achieving the ambitions for optimum compliance, efficient and cost-effective ways of working in relation to 'core business functions', all of which supports the Council in achieving its Best City ambition.

### What consultation and engagement has taken place?

- This information is presented for information and comment, stakeholder engagement has been a key part of the programme, especially with managers, staff, and trade unions.

### What are the resource implications?

- The arrangements that are in place outlined in the programme delivery framework are resourced from the resource requirements outlined in the CBT business cases for Finance and HR/Payroll approved by Executive Board on 19<sup>th</sup> October 2022 and 8<sup>th</sup> February 2023 respectively.

### What are the key risks and how are they being managed?

- The key risks relating to the programme are:

Risk	Details	Mitigations
Resourcing	There is a risk that the programme team will not have access to the required level of skilled and knowledgeable resources to successfully deliver the programme due to pressures of business-as-usual work in services. There is a risk that the costs will exceed the budget provision.	Establish dedicated 'core' programme team. Release subject matter experts to work on the programme full-time, and temporarily back fill roles. Include contingency in budget, ensure rigorous budget monitoring and supplier contract management. Utilise IDS Augmentation Partner to supplement technical resources.
Timeline	There is a risk that the programme may not achieve the desired timelines due to unknown/unexpected requirements and the level of complexity involved in implementing new finance and payroll systems	Utilise experienced implementation Consultants to manage the project using standard project management methodologies and tools. Regular review of timelines, stages, and plans
Scope	There is a risk of scope creep due to complexity and interdependencies	Document and agree scope at the outset. Utilisation of design governance and change control process
Quality	There is a risk that the new solutions do not meet business needs	Utilise experienced implementation Consultants – use LCC subject matter experts in design process. Mutually agree deliverables and business sign-off on blueprint. Appoint dedicated Test Manager, rigorous test management, user acceptance testing plans, defect, and options analysis to be discussed at Board before go-live
Business Change	There is a risk that the required business change is not achieved, and benefits are not realised, and that staff are not adequately trained to use new systems	Utilise dedicated 'change' resources to identify change impacts and work with services to achieve required change – develop champions network, design, and deliver change and communication activities and plans
Information Governance	There is a risk of inaccurate or out of date data being migrated to new systems,	IG Officer assigned to work with the project team to provide advice and oversight. Recruit a dedicated data migration/integration manager onto the team to work alongside experienced consultants. Undertake multiple rounds of data migration rehearsals, undertake data cleansing exercises
Delays with dependencies	There is a risk of delays in dependent projects that adversely impact the programme timelines	Identify dependant projects and track progress reporting issues to Board.

- A programme level risk register is actively managed by the Programme Manager. Each implementation project has its own risk register that is managed by the implementation partner and workstream lead. All risk registers are discussed and monitored at Programme Board. Internal Audit are also providing real time assurance of the programme. The Head of Finance – Internal Audit attends CBT Board and undertakes quarterly assurance reviews. Reports are presented and discussed at Board on a quarterly basis. Reporting demonstrates that arrangements are fit for purpose and that no areas have been identified as less than acceptable. Details of the assurances provided are included in the Internal Audit update reports to the committee. Key risks feed through to broader directorate and corporate risks, including those informed by learning lessons from other councils major IT projects.

### **What are the legal implications?**

- There are no legal implications arising from this report – it is for information. Guidance and advice has been obtained from the Council’s Corporate Governance Team and Commercial Legal Team and at all stages of the decision making process to ensure that the programme meets the statutory and organisational requirements in relation to programme delivery.

### **Options, timescales and measuring success.**

#### **What other options were considered?**

- Not applicable

#### **How will success be measured?**

- Success will be measured through the achievement of the aims and ambitions outlined in the CBT business cases.

#### **What is the timetable and who will be responsible for implementation?**

- The programme delivery framework is already in place and will remain so until the successful delivery of the aims and ambitions outlined in the CBT business cases.

### **Appendices**

- [Appendix I - Overview of the CBT Design & Delivery Framework](#)

## Overview of CBT Programme Design & Delivery Framework

The CBT Programme was established in 2019/20, to transform and modernise ‘back office’ services. The programme, although predominantly a ‘business transformation’ programme, is underpinned by a technology refresh, replacing essential corporate systems (i.e., Finance, HR, Payroll, Procurement) that have reached ‘end-of-life’ in terms of contract, support and maintenance; systems are currently hosted ‘on-premise’ and sit on technology platforms considered out of date and not fit for modern or efficient ways of working e.g. Cloud, interoperable, mobile or self-service enabled.

Programme governance arrangements were established at the outset of the programme with the creation of a dedicated Programme Team and Programme Manager reporting to the Core Business Transformation Board. The board meets monthly and is chaired by the Chief Officer Financial Services.

**Functions in scope** include:

- Finance
- HR/Payroll
- Recruitment & Onboarding
- Learning, Development & Performance
- Health & Safety
- Occupational Health
- Procurement (including Contract Management)

**Board Members:**

- Chief HR Officer (Deputy Chair) Senior Stakeholder
- Interim Chief IDS Officer, Senior Stakeholder and Senior Supplier
- Head of PACS, Senior Stakeholder
- Deputy Chief Officer HR & Shared Services, Senior Stakeholder
- Chief Officer Resources, Transformation & Strategy, Children & Families, Senior User
- Chief Officer Resources & Strategy, Adult Social Care, Senior User
- Chief Officer Welfare, Community Hubs & Business Support, Communities, Housing & Environment) Senior User
- Chief Officer Operations & Active Leeds, City Development, Senior User
- Head of Commercial, City Development, Senior User
- Head of Information Management, Senior Stakeholder
- Head of Finance – Internal Audit (for programme assurance, advisory and guidance purposes only)

**Terms of Reference** (summarised version):

- Ensure the Programme meets its Vision, Strategic Objectives / Outcomes and Benefits Realisation within the agreed timescale and budget.
- Provide Leadership, ensure programme aligned with Council’s vision and strategic outcomes.
- Business Case assessment and authorisation, ensuring all work streams are progressed against a robust business case.
- Advocate and champion the programme, actively supporting business change within directorates and service areas, demonstrating personal buy-in to the aims and direction of the programme.
- Ensure decisions are made swiftly to maintain progress within the decision-making framework of the Council.
- Support to the programme team, ensuring appropriate resources are available and any blockages are overcome, enabling the team to deliver.
- Governance and performance monitoring, ensuring plans are in place to deliver to agreed deadlines, risks are managed, dependencies are highlighted, and delivery is within budget.
- Engagement, ensuring all stakeholders are identified and engaged appropriately at every stage of the programme, actively encouraging engagement, and actively seeking feedback from all stakeholders.



## Audit, Data and Equality Assurance

Due to the scale, complexity and risks associated with the programme, 'real time' project assurance is being provided by the Head of Finance – Internal Audit, who as well as being a member of the CBT Board, works closely with the Programme Manager to ensure adherence with corporate governance arrangements, undertakes assurance reviews on behalf of the Chair, presenting assurance reports with recommended actions to Board on a quarterly basis. Other members of the Internal Audit team are involved in workstream meetings where required.

Implementation of new solutions involve the cleansing, migration, and integration of a significant volume of business critical and personal data (i.e., financial data, supplier data, employee data) resulting in a key risk being identified in the Data Protection Impact Assessment. As a result, a dedicated Technical Project Manager was appointed by LCC with responsibility for closely managing integration development and data cleansing and data migration routines.

A series of data migration 'rehearsals' have been incorporated into project plans to ensure compliance with organisational and regulatory requirements. 'Real time' support is also being provided by the Information Governance Team; with an IG Officer being part of the programme team providing oversight and advice at all relevant stages of the programme and undertaking regular reviews of the Impact Assessment. The Head of Information Governance is a member of the CBT Board.

Given the business and technology change impacts all staff, the team are working closely with the Staff Network Groups to ensure equality and inclusivity are inherent in design and delivery. Equality Impact Assessments have been completed with a checklist of actions identified, progress against which are reviewed and monitored by the CBT Board.

## Informed Technology Choice and Design Principles

The initial stages of the programme focussed on completing a 'discovery' phase to develop fully informed requirements and business case. This phase involved identifying pain points, operational problems, inefficient ways of working as well as understanding the current user-base profiles, technology costs, limitations of existing systems.

### Key learning insights






- Avoid bespoke customisation – change ways of working to exploit standard functionality wherever possible.
- Ensure adequate resourcing of the project team – free up 'Subject Matter Experts' to ensure dedicated time can be allocated.
- Work with experienced implementation partners
- Don't compromise on testing and training.
- Ensure effective engagement and involvement of business users.

decisions and approach.

The programme team also engaged with other Councils / Public Sector bodies who had initiated or completed similar transformation programmes (e.g., Harrow, Birmingham, Lambeth, Croydon, Scottish Water). Valuable insights into lessons learnt were captured () – which have continued to be a running theme in ongoing discussions.

A technology options appraisal was undertaken, and a business case developed with support from SOCITM (Public Sector Technology Advisory Service). Overarching programme aims and design principles were agreed by the Board (diagram below), which continue to be used as reference points that continue to inform design

Core Business Transformation Programme – Aims and Design Principles

	 <b>Our People</b>	 <b>Our Money</b>	 <b>Our Digital Future</b>	 <b>Our Work</b>	 <b>Our Insights</b>
WHAT	<ul style="list-style-type: none"> <li>✓ We have the right tools to do our jobs</li> <li>✓ Our roles are more valuable and rewarding</li> <li>✓ We have the right skills and knowledge for the future.</li> </ul>	<ul style="list-style-type: none"> <li>✓ We have ownership of our budgets and a view of the wider council position</li> <li>✓ We have simple, modern, accessible ordering &amp; payment processes</li> <li>✓ We have the support of practitioners when required</li> </ul>	<ul style="list-style-type: none"> <li>✓ We can be self-sufficient</li> <li>✓ Our technology has a common look and feel</li> <li>✓ It is easier to work with partners and suppliers</li> </ul>	<ul style="list-style-type: none"> <li>✓ We have flexibility in our work location</li> <li>✓ The place we work will be more accessible and inclusive</li> <li>✓ Reducing carbon footprint</li> </ul>	<ul style="list-style-type: none"> <li>✓ Decisions are well-informed</li> <li>✓ The pace of decision making is increased</li> <li>✓ We are better able to analyse and draw comparison</li> <li>✓ We manage risk better by being assured and compliant</li> </ul>
HOW	<ul style="list-style-type: none"> <li>• Innovating and collaborating</li> <li>• Automating routine processes and activities</li> <li>• Providing digital, analytic and commercial learning and development</li> </ul>	<ul style="list-style-type: none"> <li>• Simplifying our processes and IT landscape</li> <li>• Standardising the way we work</li> <li>• Sharing good practice</li> </ul>	<ul style="list-style-type: none"> <li>• Modernising technology offer</li> <li>• Rationalising the number of applications</li> <li>• Adopting technology - not adapting technology</li> </ul>	<ul style="list-style-type: none"> <li>• Through CtW programme</li> <li>• Providing a mobile-enabled offer</li> <li>• Reducing travel – maximising benefits of mobile, remote and collaborative working</li> </ul>	<ul style="list-style-type: none"> <li>• Making information easily accessible</li> <li>• Improving the timeliness of information</li> <li>• Making deep insights visible and accurate – a single version of the truth</li> </ul>

Working as a team for Leeds | Being open, honest and trusted | Working with communities  
 Treating people fairly | Spending money wisely

## Discovery

The discovery phase informed an initial strategy of a simplified landscape and a rationalisation of procurement of a single integrated Enterprise Resource Planning (ERP) solution; a strategy that commonplace (and largely successful) in most of the public sector organisations engaged with at approval of the business case by Executive Board in Oct 2020, a procurement process was

However, ongoing market research coupled with assessment of bids received, indicated we'd the market and new strategies for business technologies were emerging. Gartner (Global Consultants) were advising against implementing "monolithic" ERP systems, and instead move to a based, interoperable" solution – an ecosystem of integrated or loosely coupled 'best-of-breed' provide the optimum cost effectiveness and flexibility in the long term.

As a result, the CBT Board agreed to stop the procurement process (February 2022) and engage Ernst & Young (EY) to support a short, focussed piece of work during spring 2022 to inform a provide a recommended shortlist of suitable interoperable technology solutions, implementation requirements, business change approach and revised business case.

As a result of the engagement, EY provided the programme team with the above delivery successful achievement of the programme aims.

### Phased Workstream Approach

Taking into account the recommendations provided by EY, a 3-year roadmap for the procurement the multiple solutions that will build, in effect, a "modular ERP" has been devised as set out below:

#### Delivery framework

- Revised Business Case
- A recommended technology option for Finance that aligns with corporate IDS strategy.
- Shortlist of suitable technology options for HR/Payroll and Procurement
- Recommended phases and timescales to manage risks and resource availability.
- Recommended resource profile
- Function taxonomy maps Level 1 – Level 4
- Recommended business change and communication strategies
- Recommended Target Operating Model(s)
- Current State Assessments and Future State Blueprints

applications through was found to be that time. Following initiated.

reached 'cross-roads' in Technology Research more "modular, cloud-systems that would

external Consultants further options appraisal, roadmap, resource

framework to support

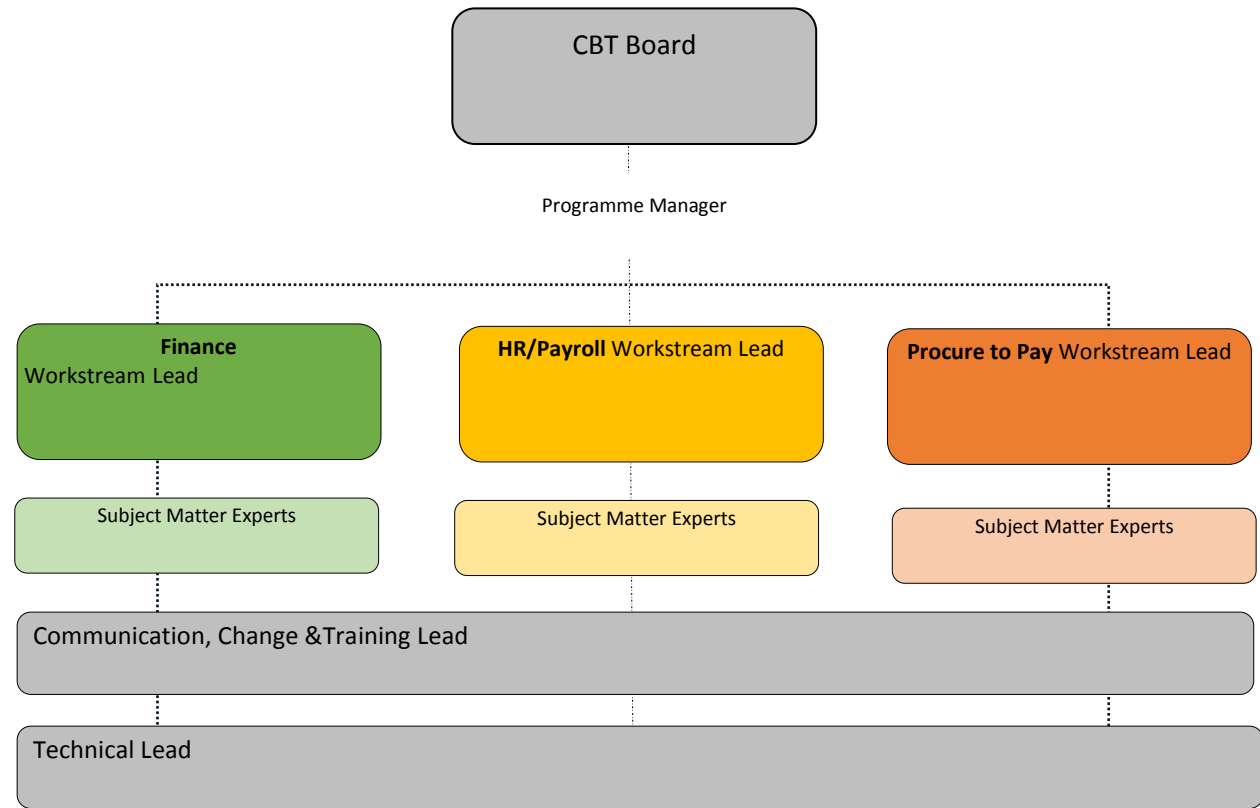
and implementation of

**Appendix 1**

	Tasks	Estimated Timescale
<b>Finance</b>	<b>Phase 1</b> <ul style="list-style-type: none"> <li>Replace FMS and Civica Financials with MS Dynamics F&amp;O</li> </ul>	May 23 – Dec 24
	<b>Phase 2</b> <ul style="list-style-type: none"> <li>Hyper care and post-go-live bug fix</li> <li>Agree back log for post-go-live development</li> </ul>	Dec 24 – Jan 25 Jan 25 – March 25
	<b>Phase 3</b> <ul style="list-style-type: none"> <li>Develop continuous improvement plan / roadmap to exploit MS tools i.e., process automation, AI, chatbots/co-pilot.</li> <li>Review Kefron (automated invoice payments) assess capability within Dynamics F&amp;O (contract expires Nov 25)</li> </ul>	Apr 25 – Mar 26 (ongoing) Apr 25 – Nov 25
<b>HR/Payroll</b>	<b>Phase 1</b> <ul style="list-style-type: none"> <li>Replace Cornerstone with MHR Recruitment</li> <li>Replace SAP with MHR HR/Payroll</li> <li>Extend Cornerstone L&amp;D contract to Oct 27</li> </ul>	June 23 – Sept 24 June 23 – June 25 May 24 – June 24
	<b>Phase 2</b> <ul style="list-style-type: none"> <li>Identify business requirements for Occupational Health (as part of MS Access replacement programme)</li> <li>Identify business requirements for Learning &amp; Development and Health &amp; Safety</li> </ul>	May 24 – July 24 July 25 – Dec 25
	<b>Phase 3</b> <ul style="list-style-type: none"> <li>Hyper care and post-go-live bug fix for Recruitment and HR/Payroll</li> <li>Procure and implement new Learning &amp; Development and Health &amp; Safety modules.</li> <li>Develop continuous improvement plan / roadmap to exploit MS tools i.e., process automation, AI, chatbots/co-pilot</li> </ul>	Apr 25 – Aug 25 Apr 25 – Mar 26 (ongoing) Apr 26 – Mar 27

	Tasks	Estimated Timescale
<b>Procurement</b>	<b>Phase 1</b> <ul style="list-style-type: none"> <li>Implement new solution for Purchase to Pay (as part of MS Dynamics F&amp;O implementation)</li> <li>PACS to work with Go4Growth to review &amp; simplify low value procurement processes and procedures.</li> <li>Undertake discovery phase and market engagement to determine business requirements for new solution.</li> <li>PACS to work with EY on contract review exercise – outcome to inform business case for new solution and new contract management framework</li> </ul>	May 23 – Dec 24 Sept 23 – Apr 24 Jul 23 – July 24 Dec 23 – June 24
	<b>Phase 2</b> <ul style="list-style-type: none"> <li>Procure and implement new Procurement and Contract Management solution (to replace Yortender)</li> <li>Design and implement new contract management framework</li> </ul>	Sept 24 – Aug 25 Apr 24 – Aug 25
	<b>Phase 3</b> <ul style="list-style-type: none"> <li>Develop continuous improvement plan/roadmap (explore integration opportunities and utilise price lists/catalogues, supplier portals)</li> </ul>	Aug 25 – Mar 26 (ongoing)

In order to successfully deliver the transformation outlined in the roadmap, the following delivery model was agreed by CBT Board, with 3 workstreams (each with a dedicated lead and subject-matter-experts) focussing on transformation for their particular professional function, with cross-cutting Technical and Communication, Change & Training workstream:



**Finance Workstream**

**Technology Choice**

The Finance solution recommended as ‘best fit’ by Ernst & Young (following an independent functionality assessment that indicated >90% fit) was Microsoft Dynamics Finance & Operations (F&O). This aligned with the corporate strategy to leverage existing investment in Microsoft products. F&O is a module within the existing Microsoft Dynamics 365 eco-system and can be implemented within the Council’s Microsoft Azure Cloud environment. The 10% gap in capability related to Income Management and Automated Invoice Processing – it was therefore recommended that the existing solutions remained in place

and were integrated into Dynamics F&O until such time that this capability in F&O had developed sufficiently for adoption within LCC. The technology recommendation was agreed by CBT Board on 22<sup>nd</sup> Sept 22 and subsequent business case approved by Executive Board on 19<sup>th</sup> Oct 22.

### **Design Governance**

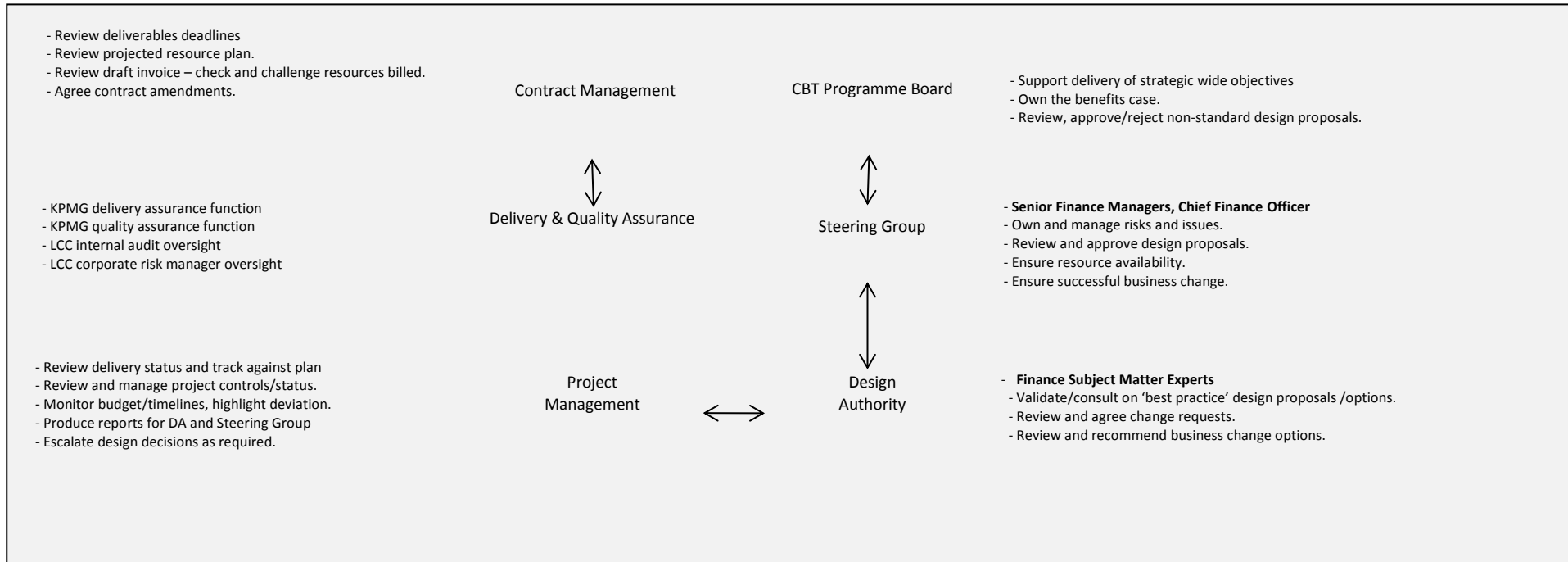
An experienced implementation partner, KPMG, were procured in April 2023 to project manage the design, configuration, and implementation of MS Dynamics F&O.

KPMG are using standard project management tools and have experience of implementing MS Dynamics in the public sector, using a proven standardised methodology Powered Local Government (PLG) which utilises CIPFA compliant leading practice assets such as these.

#### **Powered Local Government (PLG) CIPFA compliant leading practice assets.**

- CIPFA recommended Chart of Account structure.
- Financial Report templates based on Council-published statements/reports.
- Pre-designed and tested enhancements to plug known product gaps.
- Fully CIPFA code compliant on non-current asset accounting
- Budgets and forecasts based on establishments and positions.
- Change and training strategy.

KPMG’s PLG methodology includes a ‘Design Authority’ model that ensures robust management of design and configuration proposals:



Although the programme has agreed an “adopt not adapt” design principle, it was inevitable that an ‘off-the-shelf’ solution would have gaps in business-critical functionality required by a large and complex Local Authority. KPMG brought several pre-designed/pre-tested local government specific enhancements. It was agreed at the outset that whilst enhancements to meet business critical needs would be considered (that could not be met by business change), development requests that impacted on the ‘core accounting’ capability would be rejected.

**Supporting information for design authority proposals**

- Summary of gap/design issue
- Recommendation
- Volumes/value
- Options
- Alternative work arounds / business change
- Benefits of recommended solution
- Risks / Impact of recommended solution
- Other information
- Change impact
- Local Government best practice

Where gaps in standard functionality are identified, options are appraised by the Design Authority. All proposals are documented and include relevant supporting information.

Recommendations for enhancements agreed by the Design Authority are presented to the Steering Group to provide assurance that proposed enhancements do not have any adverse impacts on accounting integrity. Any enhancements that attract additional cost (over and above contractual costs) are escalated to CBT Board for approval. All design decisions are documented and reflected in the 'Design Blueprint'.

A separate Delivery & Quality Assurance Board was established at the outset, meets monthly and is chaired by Leeds City Council's Head of Finance – Internal Audit to provide oversight and a mechanism for any issues or concerns to be raised and addressed.

Given the scale, complexity and risk associated with a new Finance system implementation, Microsoft are also providing support and oversight through their "Fastrack Ready Partner Programme" which is designed to help customers achieve successful implementation of Microsoft cloud solutions:

Microsoft Fastrack Ready Process:



The project team meet monthly with a Microsoft Senior Solution Architect who provides advice, guidance and pre-go-live assessment on architecture, functional and technical designs and build to:

The go-live date for MS Dynamics F&O is currently planned for 1<sup>st</sup> December 2024. This is subject to regular review as the team work through the project milestones.

- Ensure customer outcome.
- Identify risks.
- Ensure customer understanding.
- Identify where Microsoft can help.



The Finance workstream lead has recently convened a regular forum of other Local Authority Dynamics F&O Users to ensuring ongoing sharing of learning and knowledge sharing.

## HR/Payroll Workstream

### Technology Choice

Following a series of needs analysis workshops, Ernst & Young provided LCC with shortlist of suitable options. The HR module within MS Dynamics was included as an option given the corporate strategy to exploit existing Microsoft solutions, however, following an independent functionality assessment, gaps in business-critical functionality were identified which indicated a <75% fit.

Leeds City Council's HR/Pay landscape is complex; services are provided to staff who are directly employed by LCC in directorates and maintained schools as well those staff directly employed by external Academies and other affiliated external organisations (e.g., Aspire, Grand Theatre) this means having to accommodate various different terms & conditions, pension schemes and multiple pay days for approx. 35,000 employees.

Therefore, the recommendation to proceed to procuring an externally hosted Cloud solution with a proven track record in Local Government that would seamlessly integrate the MS Dynamics F&O was agreed by CBT Board on 22<sup>nd</sup> Dec 2022.

As part of the procurement process, shortlisted providers were required to attend engagement sessions and provide in-depth demonstrations to HR/Payroll Subject Matter Experts to ensure a solution could meet the Council's complex requirements. The successful bid was received from MHR for provision of Core HR/Payroll technology and implementation services, and a contract awarded as a result of the final business approval by Executive Board on 8<sup>th</sup> Feb 23. Provision of the Recruitment & Onboarding modules were subsequently included in the contract with the same supplier on 10<sup>th</sup> Jan 24.

Sourcing the remaining solutions within the HR/Payroll workstream will be undertaken during 2025/26 as part of phase 3, following the implementation of the core HR/Payroll, Recruitment and Onboarding solutions.

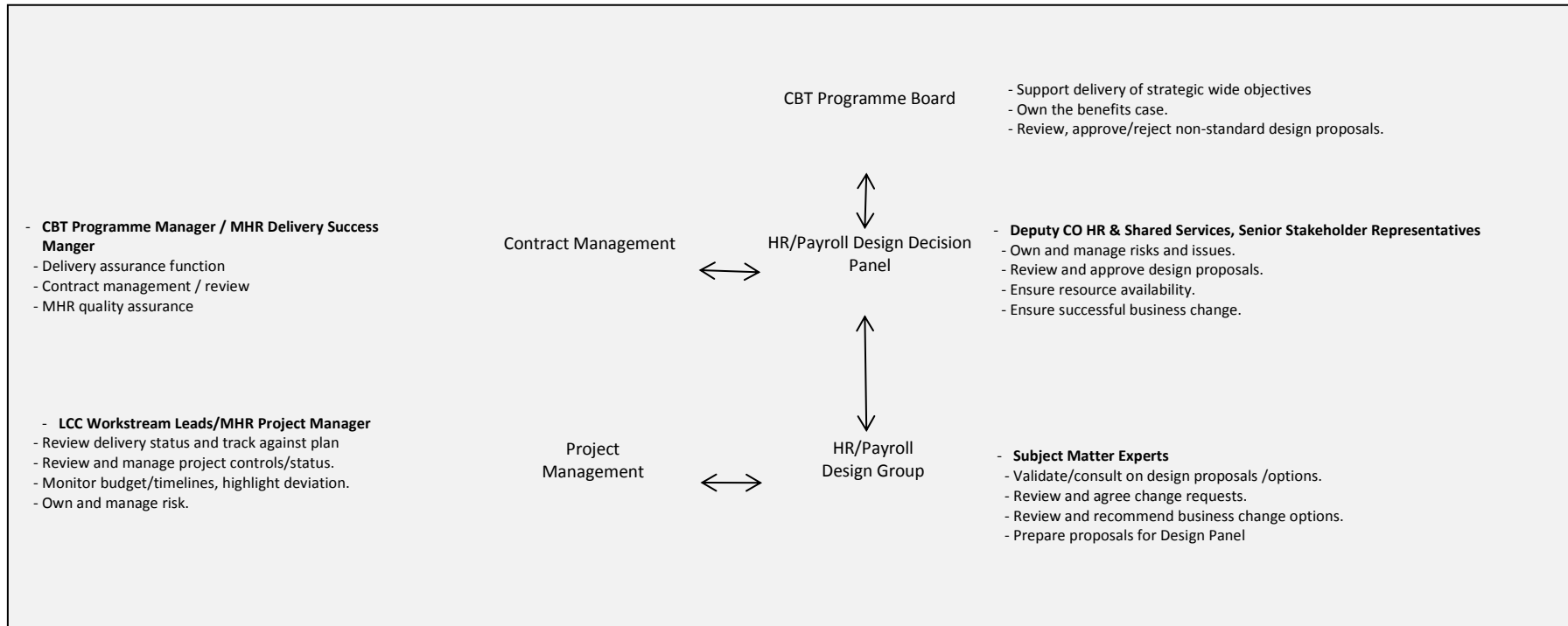
### Design Governance

A 'Design Authority' governance model was also established for the HR/Payroll workstream to ensure "adopt not adapt" design principles were adhered to. The HR/payroll solution is an off-the-shelf, externally hosted solution. Although flexible and highly configurable, requests for bespoke customisation that

adversely impacts 'core' payroll processing would not be supported by the supplier, and this was clearly articulated at the outset, which was in turn articulated to LCC users/stakeholders.

MHR ran a series of initial 'design' workshops with Subject Matter Experts to discuss and agree configuration requirements. Decisions that resulted in a change to current ways of working or configuration requirements that differed to the current system were escalated to the HR/Payroll Design Decision Panel, with full options analysis. Given the solution is highly configurable and designed to cater for Local Government, there were no requests for enhancements. The HR/Payroll workstream lead has joined the MHR Local Authority User Group which is the mechanism for identifying and submitting ideas and requests for improvements and enhancements.

*HR/Payroll Design Authority Model*



This project has been used as an opportunity to review the currently complex configuration requirements such as number of payrolls, organisational groupings and pay days to minimise the complexity, timescale and cost of this and any future system implementations.

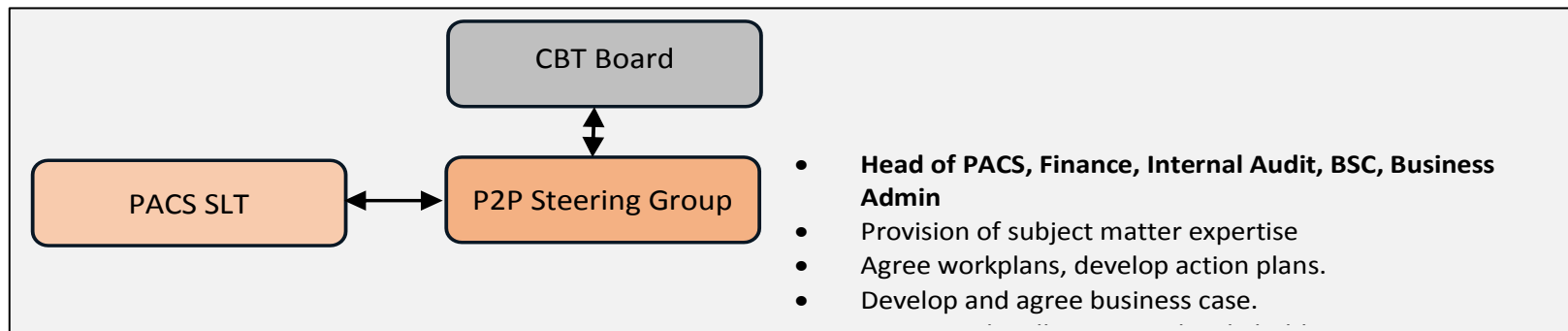
A key component of successful implementation of a new Payroll solution is ensuring a sufficient period of ‘parallel running’. This requires the preparation and processing of payroll (inc. staff changes, pay variations and absence) to be undertaken on both the current and new system for a duration leading up to go-live with reconciliation to identify any discrepancies. Parallel running is currently timetabled to commence in January 2025 and run to May 2025. The BSC are in the process of recruiting additional temporary staff to support the additional work this will create. Following completion of the test phases and parallel running, a recommendation will be taken to CBT Board on “go” or “no go” in terms of go-live, with all options fully risk assessed. The CBT Board have been advised that whilst the go-live waves are in progress, LCC will be unable to apply any pay awards.

The transition to the new Recruitment & Onboarding module is due to commence in September 2024 and will be fully completed by April 2025, alongside the go-live of HR/Payroll. Given the size and scale of the LCC payroll service, to minimise the risk of problems impacting the whole workforce, ‘go-live’ will take place in 2 waves - (1) April (2) June which is subject to continual review as the team work through the milestones.

**Procure to Pay Workstream**

Transformation of the ‘Procure to Pay’ (P2P) process began during 2019, when the BSC implemented Kefron (an automated invoice payment solution) as a separate stand-alone project. It was recognised that the ability to achieve full efficiency and digitisation of the end-to-end process was hindered by limited/lack of technology upstream in the process, which is now in scope of the CBT programme, and modernising the purchasing capability is underway as part of the MS Dynamics F&O implementation.

Given the cross-cutting nature of Procure to Pay, a P2P Steering Group was established and a dedicated workstream lead appointed to work closely with all stakeholders and undertake a “current state assessment” for Procurement and Contract Management with workplans and progress being reported to the CBT Board. Once technology implementation begins, this model will develop further into a design authority model as used by other workstreams:



It was recognised by the Head of Procurement & Commercial Services (PACS) that it was timely to review and refresh of the current corporate procurement strategy which expires in 2024 with a revised version needing to take into account the revised Public Procurement Regulations (due Oct 2024).

Procurement & Commercial Services (PACS) engaged the support of the Local Government Association's (LGA) National Procurement Advisory Group (NAG) who initiated a Peer Review during spring 2021. The review found that as well as limited digital capability, there was no consistent approach to contract management hindering the ability to produce comprehensive contract/spend intelligence. The peer review recommended a number of actions (incorporated into an overarching Action Plan) currently being delivered by PACS, which includes the development of a contract management framework as well as the adoption of new "Source to Contract" technology to improve efficiency and compliance and digitisation of the end-to-end process.

To inform a technology business case, 3 further pieces of work were initiated:

- Market engagement with Source to Contract technology suppliers
- Engagement of Ernst & Young on a contract review and assurance project to aid the development of a Contract Management Framework that would, in turn, inform the potential for savings as well as technology requirements.
- Engagement with other public sector organisations (multiple Local Authorities, NHS ICB, Leeds Teaching Hospitals) to understand how they have met similar challenges. Lessons learnt include:
  - Confirmation that more efficient ways of working can be achieved through use of more comprehensive, modern technology.
  - Robust contract management can achieve significant savings – and modern systems can support monitoring and compliance through production of robust intelligence.
  - Technology alone will not achieve savings – investment also had to be made in supporting and upskilling Contract Managers

PACS also engaged in work with the Cabinet Office and Local Partnerships, who provided input into a transformation plan. This makes several key recommendations that will help the Council introduce best practice in contract management.

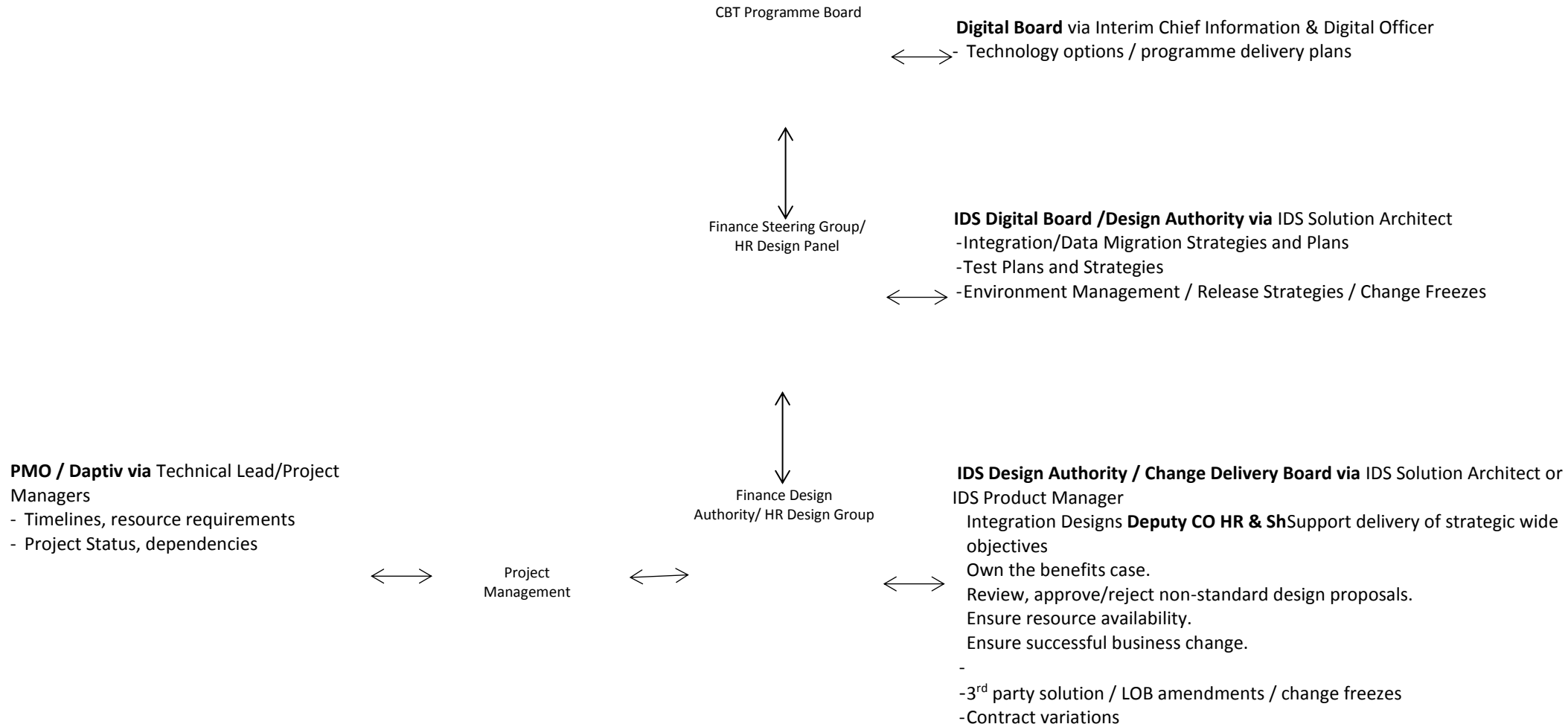
Culmination of the work has resulted in a business case for new 'Source to Contract' technology that will support more efficient ways of working through use of modern procurement platforms, with in-system processes, intelligence dashboards and self-service capability. It will also enable services to achieve savings and improved performance through more robust and compliant contract management. The business case was subject to comprehensive consultation and widely supported by CLT, CBT Board, Financial Challenge Group, and the Portfolio Member. It is anticipated that the business case will be

approved via a delegated decision during July, enabling commencement of a procurement process. When completed, and the workstream moves to the implementation stage, design, and governance arrangements similar to the other workstreams will be established.

**Technical Workstream**

**Governance Arrangements**

Given the high degree of digital change and technical work involved in the design and implementation of the new solutions, design governance arrangements are linked into existing IDS governance arrangements as follows, to ensure appropriate oversight and that technical decisions taken in the programme align with IDS strategy and governance:



## Testing / Go Live Decision

Testing is split into four phases.

- 1) Unit Testing
- 2) Functional Integration Testing
- 3) End to End Testing
- 4) User Acceptance Testing

Both suppliers have developed test strategies and plans that have been reviewed and signed-off by LCC IDS. Taking lessons learnt from other Councils into account, the Board agreed that the protection of timescales assigned to testing is a key priority, to maintain clarity and integrity of test results and remedy of defects, and the project team do not take unnecessary risks in terms of overlapping test phases or reducing the scope of tests. LCC is responsible for ensuring appropriate testing is completed and the solution signed off as fit for purpose, therefore a dedicated and experienced Test Manager has been appointed to work with the Consultants to ensure appropriate planning, preparation, testing, defect identification and remediation and LCC sign-off. Progress, risks, and issues are reported to Board.

Following completion of the test phases, a recommendation will be taken to CBT Board on “go” or “no go” in terms of live deployment, with all options fully risk assessed.

Any defects remaining upon completion of the testing cycles, will be categorised as follows:

- **Critical Severity:** Cannot go live with the defect – the defect is a severe malfunction of functionality for which there is no work-around.
- **High Severity:** the defect is a malfunction which is grossly away from expected behaviour for which there is no work-around.
- **Medium Severity:** the defect does not prevent operation but does not operate as it should – the defect has an agreed work-around.
- **Low Severity:** the defect has not functional impact and does not need a workaround but is an inconvenience.

The CBT Board and programme team are very conscious that extending go-live dates would increase project costs, but also aware this needs to be balanced against the risk of additional costs of operational disruption, reputational damage and compromising accounting or payroll integrity when attempting to identify and remedy defects in a live operational environment. All the risks and issues are monitored and mitigated as part of the standard project methodologies being utilised by the implementation partners and programme manager.

## Communication, Change and Training Workstream

### Stakeholder Engagement Channels / Benefits Realisation

Both external partners provided a Change Manager to work closely with the LCC Workstream Lead to capture the business changes required to maximise the digital capabilities offered by transformation. A series of validation/design workshops ran throughout 23/24 which resulted in the following outputs/activities:

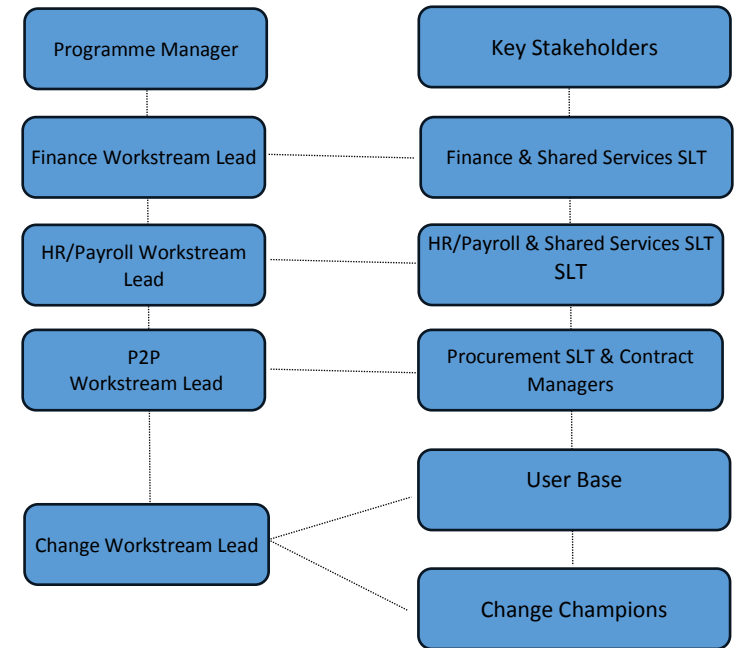
Output	Actions
Communication Plan	Updates at management forums/leadership teams, periodic newsletters, e-mails via existing channels, champions network, Viva Engage
Change Impact Analysis	Capture business change requirements in a log – changes to be incorporated into communications and training solutions and introduction of revised processes
User Engagement and Training Needs Analysis	Identify user-base, develop champions network, involve users in workshops, regular surveys of users to gauge engagement levels. Survey to identify end user training needs by function/role/permissions – development of training solutions including system overviews, early access to Sandpit area, training videos, task guides, in person labs (where requested)
Benefits Tracker	Capture benefits and opportunities for savings and efficiencies in a log to ensure achievement – track, monitor and report benefits realisation



The LCC Change Team are using these outputs to design and deliver communication and training activities to the user base and that required business change is successfully accommodated within operational teams. Realisation of benefits will be tracked as part of implementation and deployment activities and will be reported to the CBT Board on an ongoing basis.

Chief Officers representing the core business functions and Directorates are members of the CBT Board and are accountable for ensuring the successful business change and realisation of benefits in their respective services.

The following relationships have been established to ensure effective communication and engagement, that training solutions meet business needs and arrangements are put in place to achieve the identified business change to enable the benefits outlined in the business case to be realised:



**Savings and Continuous Improvement**

Both the Finance and HR/Payroll business cases were predicated on replacement of old, out of date technologies and/or current contractual arrangements expiring. This provided an opportunity to replace old systems with new, modern solutions that facilitated more efficient and modern ways of working.

Financial Services made staffing savings of £1m in 2019 following a re-structure in anticipation of the implementation of a new, modern Finance System.

Shared Services (predominant user base of HR/Payroll system) also made budget savings of £1m across 22/23 and 23/24, with a further savings target of £2m to be achieved in 24/25. Savings resulting from staffing reductions has resulted in increased work pressures and workloads, the new technology will help to reduce these pressures to a more manageable and sustainable level.

However, it was recognised in the business cases, that the implementation of a new Cloud solution will act as an ‘enabler’ for ongoing improvements, efficiencies, and more modern ways of working, not only in Finance and Shared Services but Council-wide. To minimise implementation costs and achieve a transition to the new solution as soon as possible, it was recognised that a ‘minimum viable product’ (MVP) approach would be required. Business requirements have been classified as Must, Should, Could, Would (MoSCoW), with those rated Must and Should being prioritised for development within project timescales, with any remaining requirements outstanding at go-live being put on a ‘backlog’ for development post-go-live.

The backlog of developments will form the basis of a product development roadmap, which will also include ongoing process automation to exploit full functionality of the new solution; coupled with enhancements and future releases by the product supplier (Microsoft). This will provide an ongoing ability to continuously improve how we work and achieve ongoing process efficiencies through increased use of digitisation and automation. In order to achieve continuous improvements and efficiencies, continuous investment is required in product support/development and business change resource which will be accommodated through ongoing resource planning.

## Corporate Governance and Audit Committee Work Programme and Members Development Plan 2024-25

Date: 29<sup>th</sup> July 2024

Report of: Director of Strategy and Resources.

Report to: Corporate Governance and Audit Committee

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

### What is this report about?

#### Including how it contributes to the city's' and Council's ambitions.

- This report presents the work programme for the Corporate Governance and Audit Committee for the 2024-25 municipal year, setting out future business for the Committee's agenda, together with details of when items will be presented.
- The work undertaken by the Committee will provide assurance that arrangements for internal control support the delivery of the Council's strategic objectives.
- The report also includes the Member Development Plan for 2024-25 to provide all Members with core areas of knowledge in line with the guidance as detailed in the Chartered Institute of Public Finance and Accountancy (CIPFA) Audit Committee – Practical Guidance for Local Authorities and Police 2022.

### Recommendations

Members are requested to:

- a) consider and note the contents of the work programme and meeting dates at Appendix A, and,
- b) note the content of the Member development plan at Appendix B and progress against the plan throughout the year.

### Why is the proposal being put forward?

- 1 The Work Programme is a plan of work that ensures key assurance reports are received by the Committee and offers flexibility should the Committee wish to receive additional assurances from other areas, within the Committee's remit.

### What impact will this proposal have?

**Wards affected: None.**

Have ward members been consulted?       Yes       No

- 2 The work undertaken by the Committee throughout the year will support the understanding of the internal control and risk environment and support the Committee's approval of the statutory Statement of Accounts and Annual Governance Statement.
- 3 Audit Committees: Practical Guidance for Local Authorities and the Police (CIPFA 2022) sets out guidance on the function and operation of audit Committees in local authorities. The Guidance represents best practice for audit Committees in local authorities throughout the UK.
- 4 The Work Programme captures each of the Core Functions of the Committee and provides opportunity for engagement with the wider functions identified in the guidance as appropriate.
- 5 The development programme set out at Appendix B is designed to support the Committee in discharging its role and functions in line with the guidance.

### What consultation and engagement has taken place?

- 6 The Work programme has been developed with consultation with assurance specialists and senior managers and is presented to the Committee for approval and will be presented at each meeting for the Committee to consider and amend as appropriate. This plan was presented and agreed at the Committee meeting in March 2024.
- 7 Also presented is the 2024-25 Member Development Plan which will be brought to the Committee on a regular basis for review and update and demonstrate the progress made against the plan throughout the year.

### What are the resource implications?

- 8 The work undertaken by the Committee will provide assurance as to the appropriate use of resources to deliver the Council's strategic objectives.

### What are the legal implications?

- 9 S151 Local Government Act 1972 requires local authorities to "make arrangements for the proper administration of its financial affairs". The Accounts and Audit (England) Regulations 2015 (the Regulations) provide that the local authority is responsible for ensuring "a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk".
- 10 The Regulations further set out the requirements for publication and approval of the Council's accounts and accompanying statements, and the annual governance statement. The work programme set out reflects these requirements.

### What are the key risks and how are they being managed?

- 11 The work undertaken by the Committee will provide assurance that there are arrangements in place for the management of risk which are appropriate, proportionate, monitored, and effective.

### Does this proposal support the Council's three Key Pillars?

Inclusive Growth       Health and Wellbeing       Climate Emergency

- 12 In providing a range of assurance as to the effectiveness of the Council's governance arrangements, the work of the Committee will contribute to the Council's ability to sustainably

deliver its strategic priorities by achieving best value outcomes for the citizens and communities of Leeds, in a way which is both transparent and accountable.

### **Options, timescales and measuring success.**

#### **What other options were considered?**

13 Members are invited to recommend the inclusion of further business in the work programme, as necessary.

#### **How will success be measured?**

14 The Committee will provide an annual report to Council detailing how the Committee has discharged its responsibilities.

#### **What is the timetable for implementation?**

15 As set out at Appendix A and B

#### **Appendices**

- Appendix A –2024-25 Work Programme – July 2024
- Appendix B –2024-25 Members Development Plan – July 2024.

#### **Background papers**

16 None

This page is intentionally left blank

	<b>Work Item</b>	<b>Author</b>	<b>Attendee</b>	<b>Category</b>
<b>24<sup>th</sup> June 2024</b>				
1	Internal Audit update report	Angela Laycock	Angela Laycock Liz Gott	Internal Audit
2	Review of Internal Control – Governance Framework and Assurance Map	Kate Sadler / Liz Gott	Kate Sadler	Statutory
3	Informing the Audit Risk Assessment 22-23	Mary Hasnip	Mary Hasnip	External Audit
4	Receipt of External Auditors – Audit Plan 22-23	Mary Hasnip	GT	External Audit
5	Draft annual report 2023 / 2024 of CGAC to Council	Liz Gott	Kate Sadler	Effectiveness
6	Standing Item – Work Programme and Member Development Plan	Liz Gott	Liz Gott	Standing Item
<b>29<sup>th</sup> July 2024</b>				
1	Internal Audit Annual report and opinion (including assurance in respect of RIPA) 2023-24	Jonathan Foster	Jonathan Foster	Statutory
2	Draft Statement of Accounts (for information)	Mary Hasnip	Mary Hasnip	Statutory
3	Grant Thornton – Informing the Audit Risk Assessment 2023-24	Mary Hasnip	Grant Thornton	External Audit
4	Interim Annual Governance Statement (for information)	Kate Sadler	Kate Sadler	Statutory
5	Annual assurance report on decision making	Liz Gott	Liz Gott	Annual Assurance

	<b>Work Item</b>	<b>Author</b>	<b>Attendee</b>	<b>Category</b>
6	Governance arrangements to support Core Business Transformation	Suzanne Hopes		Ad hoc Assurance
7	Standing Item – Work Programme and Member Development Plan	Liz Gott	Liz Gott	Standing Item
<b>23<sup>rd</sup> September 2024</b>				
1	Annual assurance report on planning regulation and enforcement arrangements	Helen Cerroti	David Feeney	Annual Assurance
2	Annual assurance report on procurement policies and practices	Kieron Dennett Lewis Sinkala	Kieron Dennett Lewis Sinkala	Annual Assurance
3	Internal Audit update report	Angela Laycock	Angela Laycock Jonathan Foster Liz Gott	Internal Audit
4	Mid-year update of the ICO Action Plan.	Aaron Linden	Aaron Linden	Ad-Hoc Assurance
5	Grant Thornton – Receipt of External Audit Plan 2023-24.	Mary Hasnip	Grant Thornton	External Audit
6	Approval of Annual Governance Statement 2024	Kate Sadler	Kate Sadler	Statutory
7	Receipt and approval of Audited Accounts and External Auditors Audit Report for 2022 - 23	Mary Hasnip	Mary Hasnip Grant Thornton	Statutory
8	Standing Item – Work Programme and Member Development Plan	Liz Gott	Liz Gott	Standing Item
<b>25<sup>th</sup> November 2024</b>				
1	Receipt of External Auditor’s Annual Report setting out findings of 2023-24 Value for Money Review	Mary Hasnip	Grant Thornton	External Audit



	<b>Work Item</b>	<b>Author</b>	<b>Attendee</b>	<b>Category</b>
2	Receipt of External Auditor's IT report 2023-24	Mary Hasnip	Grant Thornton	External Audit
3	Annual report on financial planning and management arrangements (to include Treasury Management)	Richard Ellis	Richard Ellis	Annual Assurance
4	Annual assurance report on corporate performance management arrangements	Emma Kamillo-Price Mike Eakins	Emma Kamillo-Price	Annual Assurance
5	Annual assurance report on corporate risk and resilience arrangements	Tim Rollett Leanne Cummings	Tim Rollett Leanne Cummings	Annual Assurance
6	Standing Item – Work Programme and Member Development Plan	Liz Gott	Liz Gott	Standing Item
<b>3<sup>rd</sup> February 2025</b>				
1	Internal Audit update report	Jonathan Foster	Angela Laycock	Internal Audit
2	Joint annual report on information governance from Data Protection Officer and Caldicott Guardian	Aaron Linden	Aaron Linden Shona McFarlane	Annual Assurance
3	Update report on Integrated Digital Services Governance	Andrew Byrom	Andrew Byrom	Annual Assurance
4	Receipt and approval of Audited Accounts and External Auditors Audit Report for 2023-24.			External Audit
5	Standing Item – Work Programme and Member Development Plan	Liz Gott	Liz Gott	Standing Item
<b>24<sup>th</sup> March 2025</b>				

	<b>Work Item</b>	<b>Author</b>	<b>Attendee</b>	<b>Category</b>
1	Receipt of Internal Audit planning report	Jonathan Foster	Jonathan Foster	Internal Audit
2	Annual assurance report on employment policies and procedures and employee conduct	Jess Dolphin / Claire Matson	Andy Dodman	Annual Assurance
3	Proposed Work Programme and Member Development Plan 25-26	Kate Sadler	Kate Sadler	Effectiveness
4	Standing Item – Work Programme and Member Development Plan	Liz Gott	Liz Gott	Standing Item

### Corporate Governance and Audit Committee – Development Plan 2024-25

The Development Plan set out below is designed to enable Members to develop and extend their knowledge in relation to the role and remit of the Corporate Governance and Audit Committee

**Part A** responds to CIPFA Audit Committees: Practical Guidance for local Authorities and the Police (2022) and provides development opportunities in relation to core areas set out at Appendix C of that guidance.

**Part B** provides for additional development opportunities to support Members in their role.

#### Status of delivery

Delivered	Green
Scheduled but to be delivered	Yellow
Not yet scheduled.	Red

**Part A – Core knowledge**

Core areas	Details of core knowledge required	Content	Lead officer	Delivery method	Approx date of delivery	Update required	Status of Delivery
Organisational knowledge	<ul style="list-style-type: none"> <li>An overview of the governance structures of the authority and decision-making processes</li> </ul>	<ul style="list-style-type: none"> <li>Introduction to Exercising the Democratic mandate (description of Council structures)</li> <li>Members guide to decision making.</li> </ul>	Kate Sadler	Written material.	Provided via email – 10/06/24	All Members	Delivered
	<ul style="list-style-type: none"> <li>Knowledge of the organisational objectives and major functions of the authority</li> </ul>	<ul style="list-style-type: none"> <li>Best Council Ambition</li> </ul>					Delivered
Audit Committee Role and Functions	<ul style="list-style-type: none"> <li>An understanding of the audit committee’s role and place within the governance structures.</li> <li>Familiarity with the committee’s terms of reference and accountability arrangements</li> <li>Knowledge of the purpose and role of the audit committee</li> </ul>	Introductory workshop: An effective audit committee (CIPFA Guidance) <ul style="list-style-type: none"> <li>purpose</li> <li>functions</li> <li>resources</li> <li>independence</li> <li>skills</li> </ul>	Kate Sadler	Remote meeting	To be scheduled early June 2024 after Full Council meeting May 24.	All Members	Delivered
Governance	<ul style="list-style-type: none"> <li>Knowledge of the seven principles of the CIPFA/Solace Framework 2016</li> <li>Knowledge of the requirements of the AGS</li> <li>How the principles of governance are implemented locally as set out in the local code of governance.</li> </ul>	AGS & covering report	Kate Sadler	Written material & Committee discussion.	Interim AGS scheduled for July 2024 meeting	All Members	Scheduled – to be delivered.

**Part A – Core knowledge**

Core areas	Details of core knowledge required	Content	Lead officer	Delivery method	Approx date of delivery	Update required	Status of Delivery
Values of Good Governance	<ul style="list-style-type: none"> <li>Knowledge of the Seven Principles of Public Life.</li> </ul>	New Members Induction – Member’s Code of Conduct	Part of New Member Induction	New Member’s Induction	May / June 2024	All New Members	Completed
	<ul style="list-style-type: none"> <li>Knowledge of the authority’s key arrangements to uphold ethical standard for both Members and staff. (e.g.: Code of Conduct)</li> </ul>	Corporate Governance Framework & Assurance Map; AGS & Covering report. <i>Employment pp and ethics</i>	Kate Sadler	Written material & Committee discussion	AGS scheduled for July 2024 & September 2024 March 2025.	All Members	Scheduled – to be delivered.
	<ul style="list-style-type: none"> <li>Knowledge of the whistleblowing arrangements in the authority.</li> </ul>	Counter Fraud and Corruption update reports.	Julia Brannon / Jonathan Foster	Written material & Committee discussion.	To be provided as part of the Internal Audit update reports		Scheduled – to be delivered.
Internal Audit	<ul style="list-style-type: none"> <li>An awareness of the key principles of the PSIAS and the LGAN</li> <li>Knowledge of the arrangements for delivery of the internal audit service in the authority and how the role of the head of internal audit is fulfilled.</li> </ul>	Regular Internal Audit update reports	Angela Laycock	Written material & Committee discussion	Scheduled for June, September 2024 & February 2025	All members	Scheduled – to be delivered.
	<ul style="list-style-type: none"> <li>Details of the most recent external assessment and level of conformance with the standards.</li> </ul>	Introduction to Internal Audit	Angela Laycock / Jonathan Foster	Remote meeting / presentation	TBC	All Members	TBC
	<ul style="list-style-type: none"> <li>Internal audit’s strategy plan and most recent audit opinion.</li> </ul>	Annual Audit Opinion.	Jonathan Foster.	Written material & Committee discussion.	Scheduled for July 2024 Committee.	All Members	Scheduled – to be delivered.

**Part A – Core knowledge**

Core areas	Details of core knowledge required	Content	Lead officer	Delivery method	Approx date of delivery	Update required	Status of Delivery
External Audit	<ul style="list-style-type: none"> <li>Knowledge of the role and functions of the external auditor and who currently undertakes this role.</li> <li>Knowledge of the key reports and assurances that external audit will provide.</li> <li>Familiarity with the auditor’s most recent plan and the opinion reports.</li> <li>Knowledge about arrangements for the appointment of auditors and quality monitoring undertaken.</li> </ul>	External Audit Workshop	TBC	Remote meeting	TBC	New Members to committee	TBC
		<ul style="list-style-type: none"> <li>Regular update briefings</li> <li>Annual Report</li> <li>Contribution to committee meetings.</li> </ul>		Written material & Committee discussion.	Scheduled for June, September 2024 & February 2025 meetings	All Members	Scheduled – to be delivered.
Financial Management and Accounting	<ul style="list-style-type: none"> <li>Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them.</li> </ul>	New Members Induction.	New Members Induction	Remote meeting	May / June 2024	All Members	Completed
		Accounts Briefing	Mary Hasnip	Remote meeting	Prior to the approval of the accounts in September 2024.	All Members	TBC
	<ul style="list-style-type: none"> <li>Understanding of good financial management practice as set out in the CIPFA FM Code and level of compliance with it.</li> <li>Knowledge of how the organisation meets the requirements of the role of the CFO, as required by The Role of the Chief Financial Officer in Local Government (CIPFA, 2016) and the CIPFA Statement on the Role of Chief Financial Officers in Policing (2021)</li> <li>An overview of the principal financial risks the authority faces.</li> </ul>	Annual assurance report on arrangements for financial management and planning	Richard Ellis	Written material & Committee discussion	Scheduled for November 2024 meeting	All Members	Scheduled – to be delivered.

**Part A – Core knowledge**

Core areas	Details of core knowledge required	Content	Lead officer	Delivery method	Approx date of delivery	Update required	Status of Delivery
Counter fraud	<ul style="list-style-type: none"> <li>An understanding of the main areas of fraud and corruption risk to which the organisation is exposed.</li> <li>Knowledge of the principles of good fraud risk management practice in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)</li> <li>Knowledge of the organisation’s arrangements for tackling fraud.</li> </ul>	Counter Fraud and Corruption update reports	Julia Brannon / Jonathan Foster	Written material & Committee discussion	To be provided as part of the Internal Audit update reports	All Members	Scheduled – to be delivered.
		Fraud and Corruption Workshop	Julia Brannon / Jonathan Foster	Remote meeting	TBC	All Members	TBC
Risk Management	<ul style="list-style-type: none"> <li>Understanding of the principles of risk management, including how it supports good governance and decision making.</li> <li>Knowledge of the risk management policy and strategy of the organisation</li> <li>Understanding of risk governance arrangements, including the role of members and of the audit committee.</li> <li>Knowledge of the current risk maturity of the organisation and any key areas of improvement.</li> </ul>	Risk and Resilience Assurance reports	Tim Rollett / Leanne Cummings	Written material & Committee discussion	Scheduled for November’s Committee meeting.	All Members	Scheduled – to be delivered.
		Risk management workshop	Tim Rollett / Chris Shillito	Remote meeting	Session scheduled for Wednesday 13 <sup>th</sup> November @ 10am	All Members	Scheduled – to be delivered.

**Part A – Core knowledge**

Core areas	Details of core knowledge required	Content	Lead officer	Delivery method	Approx date of delivery	Update required	Status of Delivery
Treasury Management	<ul style="list-style-type: none"> <li>Effective Scrutiny of Treasury Management is an assessment tool for reviewing the arrangements for undertaking scrutiny of treasury management. The key knowledge areas identified are:                             <ul style="list-style-type: none"> <li>regulatory requirements</li> <li>treasury risks</li> <li>the organisation’s treasury management strategy</li> <li>the organisation’s policies and procedures in relation to treasury management</li> </ul> </li> </ul>	Annual assurance report on arrangements for financial management and planning	Richard Ellis	Written material & Committee discussion	Scheduled for November 2024 meeting	All Members	Scheduled – to be delivered.

**Part B – Supporting Development**

Area of development	Details of development offered	Content	Lead officer	Delivery method
Information Management and Governance	Mandatory IMG training	IG related legislation, local policies, and information security	Aaron Linden	E-learning (PAL)
	Information Governance Assurance Report	Joint Annual Report on Information Governance & Caldicott Guardian	Aaron Linden	Written material & Committee discussion. Scheduled for February 2025
Governance Tools and Techniques	Cycle of Internal Control	Quick guide to Cycle of Internal Control	Kate Sadler	Written material & Committee discussion



<b>Part B – Supporting Development</b>				
<b>Area of development</b>	<b>Details of development offered</b>	<b>Content</b>	<b>Lead officer</b>	<b>Delivery method</b>
<b>Human Resources</b>	<ul style="list-style-type: none"> <li>Overview and insight regarding Human Resources</li> </ul>	Presentation by the Chief Officer – Human Resources.	Andy Dodman	Ms Teams session Friday 21 <sup>st</sup> March 2025 at 10am. (Invites have been issued)

This page is intentionally left blank