

Corporate Governance and Audit Committee

Monday, 27th November, 2023

PRESENT: Councillor M France-Mir in the Chair
Councillors G Almass, J Dowson, H Bithell,
C Hart-Brooke, J Heselwood, P Wray,
S Firth and M Robinson

**INDEPENDENT
MEMBER:** L Wild

41 Appeals Against Refusal of Inspection of Documents

There were no appeals against refusal of inspection of documents.

42 Exempt Information - Possible Exclusion of the Press and Public

There were no exempt items.

43 Late Items

With the permission of the Chair items had been added to the agenda in relation to Grant Thornton Annual Report 2022/23 and Grant Thornton Updated Interim Audit Findings Report 2021/22. It was noted that these would be taken as Agenda Items 13 and 14.

44 Declaration of Interests

No declarations of interests were made at the meeting.

45 Apologies for Absence

There were no apologies.

46 Minutes of the Previous Meeting- 25th September 2023

RESOLVED – That the minutes of the meeting held on 25th September 2023, be approved as a correct record.

47 Matters Arising From The Minutes

There were no matters outstanding.

48 Procurement Assurance Report 2022-23

The report was presented by the Head of Procurement and Commercial Services.

Draft minutes to be approved at the meeting
to be held on Monday, 5th February, 2024

The Committee were informed of the following points:

- It was noted that the report for 2022/23 was the same as last year with high inflation and increased demand for services. Members were advised that compliance was still strong and there were no issues to report.
- Members noted that the arrangements for procurement were still robust, and advice was provided to services.
- Council's Contract Procedure Rules (CPR's) which are reviewed each year were currently undergoing a comprehensive refresh as part of a broader review of the Council's Constitution with a view to simplifying and making them more user friendly.
- The Committee were advised that spend for local suppliers and SME's was slightly down on the previous year. Members were informed that new recruits had been appointed to assist with all aspects of Social Value activity.
- It was noted that the P2P Review was still ongoing.

Responding to questions from Members the following information was provided:

- The Committee were advised that any spend over £10,000 is published to the register on YORtender. It was noted that at present 6 contracts were not currently on YORtender. Progress was monitored, and this information could be sent to the Committee.
- Members noted that Equality, Diversity and Inclusivity (EDI) were taken into account in relation to Social Value contracts. Members were advised that waivers were only used in exceptional circumstances. The Committee were informed that the operational service was responsible for contract management, budget, and service provision, however, advice and assistance was provided by The Procurement and Commercial Service if required.
- The Procurement and Commercial Service provided training and awareness courses.
- The Committee were informed that the Council can hold providers and suppliers to account for poor performance and service.
- Information in relation to Go4Growth was not available at the meeting but would be provided to the Committee.
- In relation to local suppliers, it was acknowledged that work was required to liaise with the local market, so they were aware that they can contract with the Council. The Committee requested a briefing paper on how the service plans to communicate with the local market so that the Council has assurance that it is comfortable with the process for communication. It was recognised that communication was used effectively and that there was a need to cast the net wider.
- The Committee noted that local suppliers come from Leeds and the West Yorkshire region.
- The Committee noted that a report in relation to Social Value was due to go to the relevant Scrutiny Board in the New Year.

- Confirmation was given that the P2P Review was still ongoing as per recommendations of the LGA Peer Review. This would form part of the overall Core Business Transformation Programme.
- It was recognised that as part of the Internal Control different questions had been used from the previous year. It was noted that Contract Management had improved across the Council, Information on the questions used this year and in previous years would be checked and provided to the Committee.
- Members were advised that the CPR's would be ready by the end of the financial year and would be user friendly. It was noted that officers had capabilities to manage contracts and were updated through the newsletter, training, and awareness courses and any through appraisal system.
- When contracts are in place they are monitored and reviewed some on a quarterly basis or annually with the service.

RESOLVED – To:

- a) Consider and note the assurances provided in the report from the review, assessment, and on-going monitoring.
- b) Note that the Head of Procurement and Commercial Services has reached the opinion that procurement policies and practices are up to date, fit for purpose, and effectively communicated.
- c) Note the ongoing P2P Review.

49 Annual Assurance Report on Corporate Performance Management Arrangements

The report of the Director of Strategy and Resources presented assurance to the Committee on the effectiveness of the Council's corporate performance management arrangements.

The Committee were provided with the following information:

- The introduction of the Best City Ambition, adopted by full Council in February 2022, had necessitated a review of the performance framework and the KPI'S routinely reported to CLT, Executive Board and Scrutiny.
- Following transitional arrangements introduced for 2022/23, a single list of KPI's is being refined through discussions with services and scrutiny chairs to ensure there are appropriate measures to routinely monitor and measure the Council's performance. It was noted that associated systems and processes are also being reviewed at the same time to ensure efficiency and robustness.
- The Committee were advised that Oflog had outlined a list of KPI's for which the Council will be required to submit data.

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

- These performance indicators look at performance at a high level it would only be indicators such as repairs indicators that would be

investigated to a lower level. Corporate and personal performance indicators are used to look at performance of the workforce and individuals, this is done through Health and Safety, Appraisals and the Strategy and Resources Scrutiny Board. Extra provision is provided at a local level for personal performance using the 'Golden Thread' approach of top to bottom and bottom to top framework which is complex. Where issues are identified these are dealt with through the appraisal system. It was noted that there had been positive feedback from the staff survey.

- The KPI's will inform CLT by identifying any issues and raised for discussion at relevant meetings. Services and Directorates raise matters about areas where improvement is required and report on any actions being taken to address falling performance.
- It was noted that the Survey of Internal Control had shown that performance management was 'well embedded' by 93% of respondents. The Committee were informed that the questions in the survey had been slightly different to the previous years' questions. It was acknowledged that this was a wider ranging review with services and conversations with Scrutiny Board Chairs.
- Benchmarking analysis is provided within the performance report. Comparisons with other core cities is used and most services are well established for benchmarking data. The data is fed into CLT.
- In relation to the Contact Centre KPI's any key issues are fed through to CLT. It was noted that comparisons for previous years was needed.
- It was recognised that the list of indicators from Oflog would provide some uniformity. It was noted that these would be reported to Oflog on an annual basis.
- The Committee requested comparative information for year on year from the Survey of Internal Control.
- Members were advised that a report was due to Scrutiny in relation to the Contact Centre, but the Council was waiting for Oflog to provide guidance on what would be required.
- The Committee noted that the HR assurance report would be coming to this Committee in March 2024.

RESOLVED – To receive the report and the attached Appendix 1 as together providing key forms of assurance on the robustness of the authority's corporate performance management arrangements.

50 Annual Assurance Report on Risk and Resilience Arrangements

The report of the Director of Strategy and Resources provided the Committee with assurances relating to the adequacy of the risk and resilience controls currently in place in the Council.

The Committee were informed of the following points:

- Risk and resilience cover three inter-related areas of Risk Management, Emergency Planning and Business Continuity Management. This is at Corporate, Directorate and operational level.
- The service works with a wide range of stakeholders and attends a number of boards and team meetings to discuss risk and resilience matters.
- There has been an increased demand in risk training given the new challenges and new risks.
- Following a recent exercise to compare the strategic risks on Core Cities risk registers, key contacts from the local authorities will be meeting regularly to discuss risk management including best practice, emerging risks and lessons learned which will be useful going forward.
- Following a recent Internal Audit review of our risk management arrangements, we will be documenting lessons learned from the Internal and external sources in relation to risk. This will enable us to provide more evidence that any lessons learned are being considered.
- In relation to Appendix 2 it was noted that this is the same as last year with the level of engagement positive and fully embedded.
- Resilience emergency planning is publicly available and on the Council's website.
- X formerly known as Twitter is used to communicate on a number of issues including adverse weather conditions, incidents, awareness campaigns and pollution alerts.
- The service has a link to the National Power Grid to be alerted of power outages.
- An induction session had been provided to Members in May 2023, and the service had delivered sessions in Autumn and there was also one scheduled for January 2024. Training had also been delivered to the Community Committee Chairs Forum. Members were also advised of training sessions which included role play for emergency evacuation and setting up of reception centres. It was noted that the Council had received a Gold Paw Print Award for this.
- An event had taken place to re-launch the Business Continuity Network which had focused on Martyn's Law which had been part of the King's Speech at Parliament. This event is to be a bi-annual event going forward.
- Audit had highlighted weaknesses in business continuity awareness and training. Therefore, the service is assessing business continuity plans and will be addressing any weaknesses through training and awareness courses, to ensure robust planning and to meet legislative duty.

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

- It was acknowledged that the risk map has a large focus on financial issues which included staffing. The risk map is reviewed by Corporate Leadership Team on a regular basis. It was recognised that the Council cannot be risk averse as there is a need to take some risks, but they need to be regularly reviewed and managed.

- The Committee were advised that work was ongoing with IDS to address risk appetite and tolerance levels on IT issues including cyber risk. It was noted that training was required in this area.
- It was acknowledged that financial risks effect all parts of the Council, but the Council has a robust Financial Strategy and where areas of risk are identified they are reviewed, and RAG rated. Transformation teams support implementation of any actions that are required.
- Members requested information on risk trends for future meetings.
- It was noted that on resilience day exercises a code word is built into the exercise which would send an alert that a real incident had occurred and stop the exercise.
- It was noted that in December the service is due to meet with colleagues in IDS to draw up a plan should a major incident occur.
- Members were advised that new updates were required for continuity plans. Next year members of the community were to come together with the service to draw up robust local area plans.

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

51 Annual Assurance report on Financial and Treasury Management

The report of the Chief Officer Financial Services set out the standing arrangements for financial management and treasury management within the Council and provided evidence of compliance over the reporting period from November 2022 to October 2023.

The Committee were informed of the following points:

- It was noted that this report fulfilled the Chief Finance Officers Protocol which forms part of the Council's Constitution to report to the Committee on an annual basis.
- Members were informed that given the financial challenges that the Council faces as set out in the medium and long term financial strategy it is appropriate that the Council has appropriate financial and treasury management arrangements in place.
- The treasury management governance is appropriate, and the Council is operating within its governance framework and as such is complying with the CIPFA Treasury Management Code of practice, Prudential Code and updated guidance notes.
- It was noted that the report was similar to previous years as it describes democratic and officer oversight of financial arrangements and framework as set out in the Constitution and details documents that are used and the key processes.
- The changes were highlighted as being:
 - Oflog changes which were level of reserves, level of debt of the authority and referenced in performance indicators.

- Replacement of FMS, with Microsoft Dynamics being implemented in the new financial year 2024/25.
- In terms of independent scrutiny, the report picked up key findings of the Grant Thornton 2021/22 report. It was acknowledged that this part of the report would be superseded by an updated report from Grant Thornton.

In response to questions from the Committee the following information was provided:

- Clarification was provided to Members on how the survey of internal control was approached and it was noted that there was 97% response rate.
- It was confirmed that stocks and stores would be tied into the new finance system.
- It was noted that the Chief Officer Financial Services meets with external auditors Grant Thornton on a monthly basis to review progress on the delivery of a balanced budget position and actions being taken to deliver a sustainable financial position for the years covered by the current approved Medium Term Financial Strategy. The Chief Officer also reports to Executive Board monthly and the financial position is also discussed at Scrutiny.

RESOLVED – To note the Chief Officer Financial Services assurances that:

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

52 Grant Thornton Receipt of External Auditors ICT Report

The report of the Chief Finance Officer presented Grant Thornton's IT Audit Report for the 2022/23 financial year. The Auditor's report was attached at Appendix 1.

The Committee were informed that there were some issues, and these had been expanded on under the recommendations within the report. It was noted that one of the recommendations related to user administration arrangements for the financial ledger. However, officers had reviewed the current arrangements and were satisfied that they are appropriate for the existing system. The service is in the process of introducing a new financial management system and the future user administration arrangements would be specific to it, and different from those needed for the old system.

Members noted that there was no material impact on the accounts.

RESOLVED – To receive the IT Audit Report presented by Grant Thornton and to note the recommendations which have been made.

53 Grant Thornton Annual Report 2022/23

The report of the Chief Finance Officer presented Grant Thornton's Annual Auditors Report for 2022/23.

The Annual Report gave the audit findings relating to the Council's value for money arrangements. It was noted that the report did not identify any statutory recommendations but did make two key recommendations and a number of other recommendations for improvement.

Grant Thornton's Annual Report was appended to the report at Appendix 1.

The external auditors presented the Annual Report 2022/23, providing the following information:

- The value for money audit had looked at wider issues this year whilst consider if the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
- It was noted that on page 9 of the supplementary information pack there was a summary of findings including 2 key issues, with a number of recommendations listed.
- The auditor highlighted page 11 of the pack which related to Governance and Improving economy, efficiency and effectiveness. It was recognised that nationally this was a challenging area linked to Government funding, overspend and off set against resources. It was acknowledged that the Chief Officer was aware of the challenges and what the Council needed to do.
- There were seven recommendations across themes.

The Chief Finance Officer informed the Committee that there were two key recommendations and the Council had already done some work around improvements. It was recognised that Reserves needed to be built up over a few years and the Council has had a managed approach to raise these over the last few years. It was acknowledged that the Council was not the only one to face the challenges outlined, and that this was a national issue for local authorities.

The Committee were informed that increased social care costs in Children's Services had been built into the budget and the latest projection for the current year was due to go to Executive Board in December.

It was noted:

- The Council had clear and robust financial plans.
- The function of asset management was in a good position.
- Improvements would be delivered through the new financial management system.
- There had been challenges for the service with a number of audits all at once.

RESOLVED – To receive the Annual Auditor's Report presented by Grant Thornton and to note the recommendations which have been made.

54 Grant Thornton Updated Interim Audit Findings Report 2021/22

The report of the Chief Finance Officer presented an update Grant Thornton's Interim Audit Findings Report for their audit of the Council's 2021/22 statement of Accounts. Their report was attached as Appendix 1.

The external Auditors presented their report explaining that the updates since the previous report had been presented in blue text in Appendix 1.

It was noted that the external auditors were working with officers in Finance to resolve the 2021/22 audit of the accounts as soon as possible.

Responding to a question from the Committee it was noted that in relation to the group account disclosure, the Finance Team would be looking to expand the disclosure in the final version in the 2021/22 statement of accounts.

RESOLVED - To receive the Interim Audit Findings Report presented by Grant Thornton and to note the recommendations made.

55 Corporate Governance and Audit Committee Work Programme 2023-24

The report of the Chief Officer, Financial Services presented the work programme for the Committee, setting out future business for the Committee's agenda, together with details of items to be presented.

Members were advised that moving forward there would be a survey to the Committee.

The Chair asked Members to email her with any additional items they may wish to consider at future meetings.

RESOLVED – To consider and approve the work programme and meeting dates at Appendix A.

CHAIRS CLOSING COMMENTS

The Chair wished the Members of Committee a Merry Christmas.

56 Date and Time of Next Meeting

RESOLVED – To note that the next meeting of Corporate Governance and Audit Committee is scheduled for Monday 5th February 2024 at 10.30am.