

Corporate Governance and Audit Committee

Monday, 29th July, 2024

PRESENT: Councillor M France-Mir in the Chair
Councillors J Dowson, C Hart-Brooke,
M Robinson, K Bruce, R Chesterfield,
J Garvani and I Wilson

**INDEPENDENT
MEMBER:** L Wild

15 Appeals Against Refusal of Inspection of Documents

There were no appeals against refusal of inspection of documents.

16 Exempt Information - Possible Exclusion of the Press and Public

There were no exempt items.

17 Late Items

There were no formal late items. However, there was supplementary information in relation to:

- Agenda Item 9 - Draft Statement of Accounts 2023/24 – This was the unaudited draft figures approved on 14th June 2024.
- Agenda Item 13 - Governance Arrangements to Support Delivery of the Core Business Transformation Programme – This was a reformatted version of the original report.

18 Declaration of Interests

No declarations of interests were made at the meeting.

19 Apologies for Absence

There were no apologies for absence.

20 Minutes of the Previous Meeting

RESOLVED – That the minutes of the meeting held on 24th June 2024, be approved as a correct record.

21 Matters Arising From The Minutes

There were no matters arising.

Draft minutes to be approved at the meeting
to be held on Monday, 23rd September, 2024

22 Internal Audit Annual Report and Opinion 2022/23

The Senior Head of Internal Audit, Corporate Governance & Insurance presented a report setting out the annual opinion of the Chief Audit Executive and provided 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 highlighted the incidence of any significant control failings or weaknesses.

Members were provided with the following points:

- The Public Sector Internal Audit Standards state that 'the Chief Audit Executive must deliver an Annual Internal Audit opinion a report that can be used by the organisation to inform its governance statement'. It 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.
- It was recognised that this year had been challenging for local government, where increasing demand and shrinking resources had combined to put pressure on existing control environments across local authorities.
- In planning and directing audit work Internal Audit had relied on other sources of assurance where appropriate, to avoid duplication of effort. Where other assurances had identified areas for improvement in control the Internal Audit Team had been invited to engage in the organisational response including the prioritisation and oversight of resulting actions.
- It was noted there had been increased transparency in reporting.
- Positive feedback had been received by the service on the work undertaken. The team welcomed the constructive challenge from the Committee and the Senior Head of Internal Audit, Corporate Governance and Insurance thanked the officers for all the work they had done over the 12 months. The aim was to raise the profile of the service and boost audits across the Council.

The Chair reiterated the comments about the good work that the Internal Audit Officers had undertaken over the past 12 months given the challenges and pressures.

In response to questions the Committee received the following information:

- It was noted that the resources were not out of step with resources throughout the authority. It was the view that there was the right resources and work had been undertaken with colleagues in Risk Management to look at the effects of reduced resources. Protocols had been strengthened to reach out to directorates for engagement and were assured that Internal Audit had enough resources.
- The Council has spent money on security to ensure against the risk of cyber-attacks. It was noted that assurances are in place and the

Deputy Chief Digital and Information Officer offered Members a briefing session on these. The Chair agreed this session would be useful.

- In relation to the Education Health and Care Plans it was noted that Internal Audit attend forums to look at improvements to processes, and assurance was given that the Council has the right skills and right people in place to address any issues. It was recognised that this is not just an issue for this Council but is a national issue.
- The table at 4.7 of the report was highlighted by the Committee and it was acknowledged that this was good in linking the assurance themes. The Committee were of the view that they would also like to be reminded what risks had been covered as part of the plan. It was noted that the risk profile was updated regularly, and that risk information will be included in the Internal Audit update reports provided to the Committee moving forward.
- The Committee were informed that Internal Audit do carry out reviews of activities in Traded Services. It was acknowledged that the terms and conditions of service do add an overhead onto the cost of delivering the service. Work is ongoing to look at how to achieve best value for money and to maximise performance, productivity, and quality assurance. This includes learning from the private sector to look at areas to improve.
- The Committee were provided with an explanation as to how the judgement of the result, as 'satisfactory' had been justified.
- The Committee were assured that should the audit of covid grants be re-opened the service would have enough resources to address this, as there had been a robust monitoring process undertaken at the time, so there was already evidence that could be used.
- Where the report highlighted recommendations that had been outstanding for a long period of time, follow up audits are being undertaken to check on progress and address any blockages in implementing the recommendations.

RESOLVED - 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 the 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 also noted that there had been no limitations in scope, and nothing had arisen to compromise the independence of Internal Audit during the reporting period.

23 Draft Statement of Accounts for 2023/24

The report of the Chief Finance Officer presented the draft statement of accounts for 2023/24 to the committee for information.

The draft accounts were approved by the Chief Finance Officer on 14th June 2024, and have been published for the statutory public inspection period on the council's website. Members were informed that this draft statement of accounts had been approved 5 weeks earlier than the previous year, but they had still not achieved the required 31st May date. It was acknowledged that this is the same for more than half of other authorities.

Two Members of the public had contacted the service in respect of the Draft Statement of Accounts to raise public inspection queries and objections. Responses would be sent by the Council to the inspection queries.

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 2025.

Grant Thornton acknowledged that the queries in relation to the audit of the 2022/23 accounts were on track and that they hoped to conclude their work by the end of September, so ensuring a good start on the next years accounts.

RESOLVED - To note the unaudited statement of accounts for 2023/24, which has been certified by the Chief Finance Officer.

24 Grant Thornton Audit Risk Assessment Enquiries 2023/24

The Chief Finance Officer submitted a report which presented 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 requested that the responses to their enquiries be drafted by officers and formally considered by Members at a meeting of the Committee. The questions and proposed responses were attached as Appendix 1 to the report.

There were no questions or comments from the Committee.

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.

25 Interim Annual Governance Statement

The report of the Chief Officer Financial Services supported the fulfilment of the Council's statutory duty to produce an annual governance statement.

The Interim Annual Governance Statement was shared with the committee for information prior to finalisation following the period of public deposit on the Council's website. It was noted there had been no issues raised in relation to the Annual Governance Statement. The final Annual Governance Statement will be submitted to the September meeting for the Committees approval.

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

- In relation to a question about the Ombudsman, the Committee were informed that the internal audit service was in the process of carrying out an internal audit of the Council's complaints process. Responses from the Ombudsman provide an opportunity to give assurance on organisational learning. Where there is an Ombudsman judgement it is shared with the relevant officers and services to reflect on the control environment. The Committee were assured that there are mechanisms in place to address any issues raised by the Ombudsman and Internal Audit can provide further independent assurance and this is presented through the update reports to the Committee. Cllr Dowson suggested that the Committee may wish to look further at the successful learning from Ombudsman complaints at a future meeting if within remit. The Chair agreed to consider this suggestion.
- It was noted that the peer review undertaken of the Council commented favourably on the partnership working that takes place in Leeds. The survey of internal control did look at partnerships and provided insight. It was acknowledged that there is a need to consider proportionate assurance in relation to partnership governance although controls in relation to partnerships are the same as other governance controls within the Council. It was noted that there is a conversation ongoing with the Corporate Leadership Team to look at what the most appropriate and proportionate assurance arrangements should be. This work is taking place over the summer and may feed into the final version of the Annual Governance Statement. In addition, the Chief Finance Officer informed the Committee that work is taking place as part of the budget process looking at how the Council can work more effectively in partnership, particularly working with the third sector, to maximise funding for the communities.
- In relation to a question about aligning the Council's governance with West Yorkshire Combined Authority (WYCA), it was acknowledged that the Council would be working more closely with WYCA in the future. It was noted that the WYCA governance was not dissimilar to the Council's due to the way it had been set up, therefore not massively different. However, it was acknowledged that WYCA is a separate and distinct authority and therefore has its own decision-making processes. It was noted that the Council is currently working with WYCA on governance and assurance around their funding that then comes through to local authorities, and for the Chief Finance Officer to have the level of assurance needed to sign off on the spending for schemes.

RESOLVED - To consider and note the contents of the Interim Annual Governance Statement.

26 Decision Making Statement of Internal Control

The annual report of the Chief Officer Financial Services provided assurance to the Committee, that the Council's decision-making arrangements are up to date, fit for purpose, effectively communicated, and routinely complied with.

The Committee was informed that the decision-making arrangements had changed, so they have become less bureaucratic, there is monitoring in place, and the new arrangements are working well, with no concerns raised.

There were no questions or comments from the Committee.

RESOLVED - To consider and note the positive assurances set out in the Decision-Making Statement of Internal Control attached as Appendix A to the submitted report.

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

The report of the Chief Officer Financial Services provided assurance to the 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 presenting officer highlighted the following points:

- The delivery framework had been designed to ensure that the decisions were in accordance with the standard practice guidance and is aligned with the expert advice that has been sought from external consultants at all stages. It aligns with the statutory and corporate requirements in relation to programme delivery and decision-making, with the aim being to achieve the aims and ambitions outlined in the business case and that all options and recommendations are informed using robust forms of intelligence.
- The intelligence used included internal subject matter experts, technical experts, experienced external consultants, other professional advisory services, and other councils to learn lessons from them.

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

- In relation to audit, data, and quality assurance, it was noted that Internal Audit have been undertaking 'deep dive' reviews on a quarterly basis which are included along with other audit work in the general update reports to Committee. It was noted that Internal Audit had reviewed contract management in terms of previous contractors and the current contractors. The service had looked at maintenance support going forward post implementation and go live support, a report due in August will look at user acceptance testing, they had also

reviewed change management arrangements, cost monitoring, and checked to ensure that Contract Procedure Rules had been complied with. The Committee were advised the Association of Project Managers have a toolkit and Internal Audit do a high-level assessment against this toolkit to ensure that there is the right level of governance and control around the delivery of the project. Information of significance in relation to the project is fed through the regular update report to Committee. It was noted that there are high level project plans in place, and the Committee was offered more information in relation to the time elements of the project. Members were advised that Internal Audit do check and challenge to ensure targets are achievable and that the Programme Board is also checking this element.

- The Committee noted that monitoring of the project is progressed through the fortnightly meeting of the steering group and the monthly meeting of the Board.
- The business case was outlined in the report and the Committee were informed that there are a number of measures in place to measure the success of the project. This system will provide a more modern and efficient approach to the ways of working. The current systems in use are 10-20 years old and require a degree of offline working. The new system would provide efficiencies and reduce duplication of efforts and offline working. In time the platforms will change to enable automation and digitalisation and the Council would be able to take advantage of more modern technologies.
- The system is being designed to enable staff to be more efficient and reduce pressures on the staff, improving the working environment through the efficiencies and more accurate data. The Committee were informed that the CBT was about a whole way of working to wrap around the work, it was not about reducing staff, but to make the work more manageable.
- The learning from other councils is valuable in learning from them what not to do and what and how they would have done things differently. CBT were in contact with councils who were currently using the system successfully. Leeds is working with many authorities who are ahead of Leeds, at the same stage and those about to embark on the project to learn best practice. It was acknowledged that testing of the system and training for all staff was a key area of the project.
- KPMG are the Council's partners for this project and each stage is discussed through monthly meetings where work packages and resources are discussed and agreed. Testing would be a phased approach over 3 years with the first phase looking at replacing the finance, and HR payroll system. The second phase would be sourced contract and the third phase is revisiting the learning and development and health and safety modules. Leeds is going with a 'minimal viable product', so at go live the Council has a minimum product of what it must have rather than building everything. This would be based on what the Council currently has. The product would be developed and improved over time. Initially the Council will be reliant on external consultants, but work is ongoing with IDS colleagues to build the expertise and capacity in-house. IDS will be working along the external

consultants for knowledge transfer and to put training plans in place. The Committee were informed that the support contract was being progressed.

- Engagement with staff was essential for the success of this project and had been inclusive through engagement with the DAWN network.
- It was acknowledged that the system is mainly for back-office staff. One of the aims for the project was to address digital access for those who currently do not have digital access and a piece of work was ongoing to eliminate the digital divide and the reliance on paper-based systems, to allow those areas of work to have the same access to information. Where this is not possible, CBT have committed to find a way to ensure that the service to them is maintained. However, there is a commitment to bring them into the digital way of working. Engagement has taken place with staff and unions about what would assist them to have access to the new digital tools, such as access through mobile phones to access payslips, register overtime claims and access information held about them. This approach had gained a positive reaction.

RESOLVED – To note the assurances provided in this report.

Cllr Hart-Brooke left the meeting at 11.30 during this item.

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

The Director of Strategy and Resources submitted a report for the Committee's work programme and the Member development plan for 2024/25.

It was noted that there were no major updates to report. However, at the June meeting, it had been suggested that a Human Resources presentation may be useful for Members of the Committee. This has been arranged for March 2025 prior to the Human Resources Annual Assurance Report being presented to the Committee.

RESOLVED – To:

- a) 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.

29 Date and Time of Next Meeting

RESOLVED – To note the next meeting would be on Monday 23rd September 2024, at 10.30am.

The meeting concluded at 11:55