

## **Corporate Governance and Audit Committee**

**Friday, 4th February, 2022**

**PRESENT:** Councillor K Maqsood in the Chair  
Councillors G Almass, M Foster,  
P Grahame, J Illingworth and P Truswell  
Linda Wild – Independent Member

### **59 Appeals Against Refusal of Inspection of Documents**

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

### **60 Exempt Information - Possible Exclusion of the Press and Public**

There were no items identified which required the exclusion of the press or public.

### **61 Late Items**

Although there were no formal late items, the Chair did accept the inclusion of Supplementary Information in respect of Agenda Item No. 13 - Approval of the 2020/21 Statement of Accounts and the External Auditors (Grant Thornton) Audit Report (Minute No. 71 referred). An amendment to the Statement of Accounts and the inclusion of the ISA260 Audit Report, which were not available at the time of agenda publication, but it was considered to be in the best interests of the Council and other parties concerned that the matters be considered without delay.

### **62 Declaration of Interests**

There were no declarations of interest made at the meeting.

### **63 Apologies for Absence**

Apologies for absence were received from Councillors: J Bentley and P Harrant.

### **64 Minutes of the Previous Meeting**

The minutes of the previous meeting held on 26<sup>th</sup> November 2021 were submitted for comment/ approval.

**RESOLVED** - That the minutes of the previous meeting held on 26<sup>th</sup> September 2021 were accepted as a true and correct record.

### **65 Matters Arising from the Minutes**

Minutes approved at the meeting  
held on Friday, 25th March, 2022

The Committee received the following up-date on matters previously considered by the Committee:

Procurement of External Auditor (Minute No.51 referred) – It was reported that on the 12<sup>th</sup> January 2022, Council resolved to accept Public Sector Audit Appointments' invitation to opt into the sector led option for the appointment of external auditors from 2023/24

**66 Notes from the Consultative Meeting of Members of the Corporate Governance and Audit Committee held on 17th December 2021.**

The notes from the Consultative Meeting of Members of the Corporate Governance and Audit Committee held on 17th December 2021 were submitted for comment/ approval.

**RESOLVED** - That the notes from the Consultative Meeting of Members of the Corporate Governance and Audit Committee held on 17th December 2021 were received as a true and correct record and the recommendations of the meeting accepted by the Corporate Governance and Audit Committee.

**67 Matters Arising from the Notes of the Consultative Committee**

The Committee received the following up-date on matters previously considered by the Consultative Committee:

Public Sector Internal Audit Standards - External Quality Assessment (Minute No.4 referred) – With reference to the peer review undertaken by Glasgow City Council and the concerns raised by Members in respect of the responses to the questionnaire. It was report reported that Officers from Glasgow had now provided the requested details. The Head of Audit would undertake further work with a view to sharing the Committee's concerns.

Annual Assurance Report on Corporate Risk Management Arrangements (Minute No. 5 referred) – It was reported that the Partnership checklist, as requested by Committee had been circulated on 21<sup>st</sup> January 2022.

Internal Audit Update Report August to November 2021 (Minute No. 8 referred) – It was reported that an analysis of the Customer Satisfaction Questionnaire data had been circulated to Members on 3<sup>rd</sup> February 2022.

**68 Annual Assurance Report on Integrated Digital Services Controls**

The Chief Digital & Information Officer submitted a report which presented the Annual Assurance Report on Integrated Digital Services controls.

The report sought to provide assurance in relation to the management and control mechanisms supporting the successful ongoing delivery of Integrated Digital Services (IDS) service provision.

Addressing the report, the Chief Digital & Information Officer spoke in detail about the report and highlighted the following areas of work:

- Proactive maintenance and support across a broad range of systems
- Service Centre fault and request resolution
- Provision and support of IT equipment to individuals e.g. laptops, screens, smartphones
- Provision and support of IT equipment in office workspaces e.g. conferencing room equipment, printers and shared desk facilities such as screens/mice/keyboards
- Provision and support of telephony solutions
- Provision and support of data network connections including remote connection to support home/mobile working
- Management of user accounts and access to IT systems
- Provision and proactive maintenance of IT systems
- Storage and backup of data
- Management and proactive maintenance of IT security systems
- Management of information and compliance with data and security standards
- Management of business intelligence systems and production of data dashboards/reporting
- Development of business change proposals, business cases and the Project/Programme management of change

Members welcomed the report commenting that it was reassuring and comprehensive, as the performance of Information Digital Services (IDS) had been a concern over a number of years. Members were aware that a digital inclusion survey had been considered at the Infrastructure, Investment & Inclusive Growth (Scrutiny Board) some years ago, and that an update on collaboration work with the CCG would also be considered, but asked whether there were any implications arising from the transition to regional integrated care systems.

In responding the Chief Digital & Information Officer said it would be business as usual, and that conversation were already taking place with stakeholders. It was confirmed that IDS is a combined service and has oversight of the digital city strategy. Whilst there are no plans to change services, the Chief Digital & Information Officer will seek to develop the right structure. It was noted that there may be some contractual change for IDS colleagues as those employed by the Clinical Commissioning Group change employer.

Referring to the reduction in SLA performance on call waiting times, Members asked when an update would be received.

Members were informed that call centre SLA measurement to recover was actively monitored by Director of Resources. It was reported that performance had improved significantly, with call waiting times reduced from 2 hours to 10 minutes or less.

Members asked about the development of digital mapping, particularly opportunities for development and training available for Officers and Elected Members.

Members were informed that there were plans to further develop digital mapping as the demand increased. In terms of Officer and Elected Member training, further consideration was required before reporting back to Members

Members requested if suitably large screens could be made available, not necessarily on a full-time basis, and that training be provided to ensure that resources can be exploited.

Members were informed that such requests would be considered further during the development of the service.

Referring to the Digital Board, Members asked if this Board replaced the existing board.

The Chief Digital & Information Officer said the Digital Board had been established to provide an additional function, to manage the overall portfolio of work and agree the relative priorities of each request. The Chief Digital & Information Officer undertook to circulate the criteria used to prioritise digital requests.

**RESOLVED** – To note the assurances provided in the submitted report

**69 Annual Information Governance Report, including the Annual Report of the Caldicott Guardian**

The Director of Resources and Housing and the Director of Adults and Health submitted a report which presented the Annual Information Governance Report (including the Annual Report of the Caldicott Guardian).

The report sought to assure the Committee on the effectiveness of the council's information management and governance arrangements: that they are up to date; fit for purpose; effectively communicated and routinely complied with. The Caldicott Guardian element sought to assure the Committee of the arrangements in place with regards to the confidentiality of patient and service-user data.

Addressing the report, the Head of Information Governance & Cyber and Data Protection Officer spoke on the key issues which included:

- Improvements had been made in responding to Freedom of Information (FOI) / Environmental Information Regulation (EIR) and Individuals Rights (IR) requests within the statutory time limits.
- The service had changed its structure and working practices and had been renamed the Information Governance and Cyber service (IG&C).

- The mandatory Level 1 Information Governance eLearning development and roll out cycle was currently underway, with a provisional launch date to staff mid-September 2022.
- Information Governance & Cyber were leading on a project to review and update the current Data protection impact assessment template and process
- PSN certification was awarded in October 2021.
- In August 2021, the National Data Guardian issued guidance on the appointment of Caldicott Guardians, their role and responsibilities in respect of data processing activities undertaken within their organisations.

Referring to statutory information requests, Members noted this was an area of weakness and that the Council would continue to be exposed to successful complaints. Members asked if there was any benchmarking comparison with other authorities, whether there was a downward trend, what was being done to improve the situation.

The Data Protection Officer confirmed that benchmarking had been undertaken last year, noting that significant work had been undertaken in the current year to benefit from this. An analysis of the data received from core cities and other local authorities, indicated that two local authorities were performing better than Leeds, but others were significantly worse.

The Head of Information Governance & Cyber and Data Protection Officer confirmed the benchmarking data would be shared with Committee.

Members were informed that the Information Commissioners Office (ICO) had been in contact with LCC to undertake a survey to look at specific problem areas, indicating that this was a national problem. By way of example, the Data Protection Officer mentioned subject access requests (SARs), in particular cases involving Leeds Children's Social Care where each case involved the redaction of up to tens of thousands of pages, a very time-consuming process. Members were informed that this information had been fed back to the ICO, and that a response / outcome was still awaited.

The Data protection Officer confirmed that changes had been implemented including the disbanding of the central requests team and the role out of basic level training on how to deal with SARs & FOIs in order share knowledge, experience, and the load of work across the team. It was acknowledged that it will take time to train up and get to standard, but that progress has been made and will have significant impact. In addition, a review is taking place of processes and activities undertaken in team to ensure that focus is given to IMG work.

Referring to the use of CCTV to help against anti-social behaviour, Members suggested it was seen as a mechanism to assist, but it often conflicted with data protection rules.

Members were informed that CCTV came under the Surveillance Commissioner, but enforcement on misuse was a data protection issue. It was reported that the legal basis for use of CCTV in prevention and detection of crime needs to prove necessity and proportionality and that DPIAs are used to evidence this.

#### **RESOLVED –**

- (i) To accept the assurances provided by the Director of Resources and the Director of Adults and Health that the information governance arrangements are fit for purpose, up to date, are routinely complied with, have been effectively communicated and monitored and the necessary confidentiality arrangements are in place with regard to the Caldicott Guardian element.
- (ii) That benchmarking data on statutory information requests be circulated to all Members of the Committee

#### **70 Annual Assurance Report in Relation to Employment Policies and Employee Conduct**

The Chief Officer Human Resources submitted a report which presented the annual report on Council's employment policies and employee conduct.

The report sought to provide assurance that, employee conduct was properly managed, policies were regularly reviewed, and employee conduct formed part of normal manager/ employee relations.

Addressing the report, the HR Services Manager explained that employment policies were developed and reviewed by the HR team in consultation with the trade unions and staff networks with additional advice where applicable being provided by legal services. The views of and feedback from managers was also collected via focus groups.

Members were informed that development of new/ reviews of existing policies form part of the weekly meetings with the Deputy Leader and Executive Member for Resources.

Referring to the disciplinary procedures, Members noted that in 2020/21 68 disciplinary cases were concluded, lower than previous years due the impact of the COVID-19 pandemic on the organisations ability to conduct all meetings.

Members queried if there were any disciplinary's still outstanding due to covid and whether any cases had fallen away because they could not be dealt with during the specified time period.

Members were informed that there were no outstanding disciplinary case as a consequence of covid and HR were also not aware of any cases which had fallen away due to time requirements.

**RESOLVED** – To accept the assurances of the Chief Officer Human Resources on the robustness of the Council’s employment policies and employee conduct.

**71 Approval of the 2020/21 Statement of Accounts and Grant Thornton Audit Report**

The Chief Officer Financial Services submitted a report which sought approval of the Council’s final Statement of Accounts and to consider any material amendments identified by the Council or recommended by the auditors.

Members were informed that Grant Thornton’s audit of the final accounts was nearing completion, and an interim report of their findings had been circulated separately. The main points included in the report were:

- Subject to completion of their remaining audit work, Grant Thornton anticipate being able to issue an unqualified opinion on the 2020/21 Statement of Accounts,
- There are expected to be no material unadjusted audit differences affecting the financial statements;
- An updated copy of the statement of accounts was published with this report. The accounts would be certified by the Chief Finance Officer as a true and fair view of the Council’s financial position as at 31st March 2021 prior to the Chair of the Committee being asked to certify them.

The Head of Finance reported that a number of amendments had been made to the Statement of Account following publication of the report to Committee and were detailed as follows:

- Pension Assets – The Council had received confirmation from the West Yorkshire Pension Fund that the increase to its share of the WYPF assets has increased by £42.8 m rather than the estimated adjustment of £32.5m. There would therefore be a further decrease of £10.3m in net pensions liabilities, with a corresponding change to the Pensions reserve
- Business Rates – The Council has re-assessed its appeals provision for business rates following clarification by the government limiting the ability for claims for a material change in circumstances due to covid. The bad debt position for business rates has also been reviewed in light of the better than expected collection rates during 2021/22. A revised NNDR3 form for 2020/21 was submitted to the government on 31<sup>st</sup> January. The impacts on the Statement of Accounts would be:
  - (i) A reduction of £3.7m in the Council’s share of the appeals provision
  - (ii) A reduction of £5.9m in the Council’s share of the bad debt provision

- (iii) A reduction of £9m in the Council's share of the deficit carried forward on the Collection Fund
- (iv) An increase of £9m in the business rates income recognised in the Income and Expenditure account
- (v) A reduction of £5.5m in the accrued Taxation Income Guarantee grant, with a corresponding reduction in earmarked reserves
- (vi) An increase of £750k in the levy payable to the regional business rates pool, with a corresponding reduction in revenue reserves

Members were informed that a report would be brought back to Committee if any material considerations requiring amendments to the accounts were to arise during Grant Thornton's remaining audit work, and therefore Committee were asked to confirm a course of action which would enable the Chair to sign off the accounts when complete if no such issues arose. Further, the Chief Officer Financial Services was not currently aware of anything to prevent the management representation letter from being signed at the appropriate time subject to further discussions.

The Chair then invited Gareth Mills, External Auditors (Grant Thornton) to address the Committee on the Audit findings (IAS260) Report for Leeds City Council

Mr Mills explained that there were three elements to the audit process for 2020/21 – the audit of the accounts, the audit of WGA (Whole Government of Accounts) returns, and the value for money audit. Whilst the audit of the accounts was nearly complete further work was required around value for money (VFM) and that this would be included within Grant Thornton's Auditor's Annual Report. He said work continued to progress, but it was anticipated that a further 3 months would be required (April 2022) before the VFM work was concluded. It was not yet known when government guidance would be issued to enable auditors to carry out WGA audit work for 2020/21.

The Committee then heard from Perminder Sethi (Grant Thornton) who provided further details of the audit findings

Commenting on the ISA260 report, Members asked that a glossary could be provided to clarify definitions of abbreviations.

Members were informed that the report would be updated, and abbreviations would be made clearer. (The abbreviation PPE referred to a fixed asset, i.e. property, plant & equipment)

Reference was made to the Council's MRP Annuity method for paying of debt. It was confirmed that this method was one of the options recommended in the government's statutory guidance. It was suggested that the repayment of debt could be pushed into future years, that may then reduce the ability to spend in future This was contrasted with an alternative approach, front loading the MRP costs which would definitely impact on spending capacity in the short term. It was noted that there is a need to take account of political pressures that Members are elected to address.



Mr Sethi informed Members that the key issue was whether an informed decision had been made based on all the information available and that the value for money audit would look for evidence that a considered decision had been made.

The Chief Officer Financial Services, noted that there are two elements to consider: repayment and interest, and that the annuity approach aimed to ensure that the overall cost of debt, i.e. the interest plus the repayment, was spread evenly across the period that benefit was derived from the capital expenditure. Members were informed that the majority of authorities use the annuity model, which had been confirmed as appropriate by statutory guidance.

Members referred to the valuation of the Temple Green Park and Ride scheme which was assessed as a one-off error (included incorrectly in the land and building valuation of phase 2 resulting in the valuation being overstated). Members asked how was this different to others, to demonstrate that it was “just a one-off error”.

Members were informed that the Park and Ride scheme was a large and unusual scheme covering a complicated site with multiple phases, even unique, and there was nothing else similar where this particular error could have occurred which could attract a review .

Reference was made to the West Yorkshire Pension Fund asset revaluations, Members querying if they were revaluations or corrections, also was it time date stamped and were LCC looking for preferential market price

In responding the Head of Finance explained that valuations were carried out by the West Yorkshire Pension Fund and were then fed into actuaries' calculations and then into LCC accounts. Members were informed that revised valuations were based on information received subsequent to those in the draft accounts and were in relation to unquoted investments held by the Fund. The revised valuations had been audited by the WYPF's auditors. All valuations were as at 31<sup>st</sup> March.

Members asked whether there were any significant audit risks in the work remaining to be undertaken which could give the external auditor significant cause for concern.

In responding Mr Mills said testing to date had revealed no material issues. On the issue of work on journals, Mr Mills said that past experience suggested that chances of material misstatement were not high.

The Chair thanked officers and representatives of Grant Thornton for their attendance and contributions

**RESOLVED -**

- (i) To receive the audit report of the Council's external auditors on the 2020/21 accounts and to note that there are expected to be no unadjusted audit differences to the accounts.
- (ii) To receive and consider the updated 2020/21 Statement of Accounts, and to approve these as the Council's final audited accounts subject to no issues requiring further material adjustment arising as a result of Grant Thornton's remaining audit work. The Committee is further asked to authorise the Chair to approve any additional non-material amendments which may be recommended by the Chief Finance Officer, and, once the audit is complete, to acknowledge this approval on behalf of the Committee by signing the appropriate section within the Statement of Responsibilities on page 1 of the accounts.
- (iii) To note that, should any material adjustments arise as a result of Grant Thornton's remaining audit work, a final version of the Statement of Accounts will be presented for approval at the next meeting of the Committee, prior to their publication.
- (iv) On the basis of the assurances received, the Chair is asked to sign the management representation letter on behalf of the Corporate Governance and Audit Committee (at the appropriate time subject to further discussions).

## **72 Work Programme**

The Chief Officer Financial Services submitted a report which set out the proposed Work Programme for the remainder of 2022.

Referring to the new Work Programme for the 2022/23 Municipal year, the Chief Officer Financial Services invited Members to suggest any matters which could be included within the work programme. A similar invitation was made in respect of the Internal Audit Plan, Members to suggest any particular areas which should be included within the plan.

**RESOLVED** – The Work Programme and meeting dates be approved

## **73 Date and Time of Next Meeting**

**RESOLVED** - To note that the next meeting will take place on Friday, 25<sup>th</sup> March 2022 at 2.00pm in the Civic Hall, Leeds.