



CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Meeting to be held in Civic Hall, Leeds, LS1 1UR on
Monday, 18th March, 2024
at 10.30 am

MEMBERSHIP

Councillors

G Almass	C Hart-Brooke	S Firth
J Dowson		M Robinson
H Bithell		
M France-Mir (Chair)		
J Heselwood		
P Wray		

Independent Member

L Wild

Please do not attend the meeting in person if you have symptoms of Covid 19 and please follow current public health advice to avoid passing the virus onto other people.

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) 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://councilanddemocracy.leeds.gov.uk)

**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>APPEALS AGAINST REFUSAL OF INSPECTION OF DOCUMENTS</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>EXEMPT INFORMATION - POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC</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>RESOLVED – 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>LATE ITEMS</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>DECLARATION OF INTERESTS</p> <p>To disclose or draw attention to any interests in accordance with Leeds City Council's 'Councillor Code of Conduct'.</p>	
5			<p>APOLOGIES FOR ABSENCE</p>	
6			<p>MINUTES OF THE PREVIOUS MEETING - 12TH FEBRUARY 2024</p> <p>To receive the minutes of the meeting held on 12th February 2024, for approval as a correct record.</p>	7 - 20
7			<p>MATTERS ARISING FROM THE MINUTES</p>	
8			<p>INTERNAL AUDIT PLAN 2024-25</p> <p>The report of the Senior Head of Internal Audit provides Members with assurance over the approach to Internal Audit Planning for 2024-25, outlining the ways in which the process is risk-based and satisfies regulatory requirements. It also provides an opportunity for Members to review and comment on the proposed changes to the Internal Audit Charter.</p>	21 - 50
9			<p>ANNUAL ASSURANCE REPORT IN RELATION TO EMPLOYMENT POLICIES AND EMPLOYEE CONDUCT</p> <p>This is the annual report of the Chief Officer, Human Resources to the committee concerning the Council's employment policies and employee conduct. The report provides assurance to the Committee that, employee conduct is properly managed, policies are regularly reviewed and employee conduct forms part of normal manager/employee relations.</p>	51 - 72

Item No	Ward	Item Not Open		Page No
10			<p>GRANT THORNTON FINAL ACCOUNTS 2021-22 AND FINAL ISA 260 REPORT</p> <p>The report of the Chief Finance Officer seeks approval of the 2021/22 Statement of Accounts and presents Grant Thornton Audit Report.</p>	73 - 82
11			<p>CORPORATE GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME 2024-25</p> <p>The report of the Director of Strategy and Resources presents the proposed 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>	83 - 96
12			<p>DATE AND TIME OF NEXT MEETING</p> <p>To note the next meeting of Corporate Governance and Audit Committee will be on Monday 24th June 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.

Corporate Governance and Audit Committee

Monday, 12th February, 2024

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

INDEPENDENT MEMBER: L Wild

57 Appeals Against Refusal of Inspection of Documents

There were no appeals against refusal of inspection of documents.

58 Exempt Information - Possible Exclusion of the Press and Public

There was no exempt information.

59 Late Items

There were no formal late items. However, there was supplementary information circulated in relation to Agenda Item 12 - Update report on Government Proposals to address the national audit backlog, and Grant Thornton's Response and update on the Audit 2021/22.

60 Declaration of Interests

Under Agenda Item 8 – Annual Assurance Report of Information Digital Services (IDS) Governance the following declarations were made:

- Cllr Bithell – 100% Digital have supported 'Out Together' for which she is a trustee.
- Cllr Robinson works for Tech UK

61 Apologies for Absence

Apologies for absence were received on behalf of Councillors Firth and Heselwood.

62 Minutes of the Previous Meeting - 27th November 2023

RESOLVED – That the minutes of the meeting held on 16th November be approved as a correct record.

63 Matters Arising From The Minutes

It was noted that information requested in relation to:

- Minute 48 – Procurement Assurance Report 2022-23 Information had been supplied to Members via email on 8th February.
- Minute 49 – Annual Assurance Report on Corporate Performance Management Arrangements would be provided in the 2023-24 update report at a later committee.

64 Annual Information Governance Report, including the annual report of the Caldicott Guardian

At the Chairs discretion this item was moved up the agenda.

This annual report of the Director of Strategy and Resources and the Director of Adults and Health presented assurances to the Corporate Governance and Audit Committee on the effectiveness of the council's information management and governance arrangements through a statement of internal control. In addition, the report this year presented the Information Commissioner's Office (ICO) Audit Report of Leeds City Council's compliance with the UK General Data Protection Regulation (GDPR), for which Members are to be assured that an action plan is in place to address the recommendations.

The Caldicott Guardian gave assurance to Members of the arrangements in place with regards to the confidentiality of patient and service-user data.

The Head of Information Management and Governance presented the report and highlighted the following points:

- In relation to information requests the service is now consistently hitting the current key performance indicator and has been for the last seven to eight months. It was acknowledged that further work was still required to improve performance. It was noted that this was due to changes made in the team and to process changes and how the team engage with other services.
- Internal Audit had provided a recommendation to improve oversight, recording and completion of data impact assessments. It was noted that this piece of work had proved challenging to address the issues raised but the Service had also wanted to ensure that it was embedded for the future. After a number of delays the Microsoft Power App will be introduced. Staff were now undergoing training and a communication and implementation plan had been developed. Its first use will be at the end of 2023-24 financial year.
- The Service is in the process of developing a Formal Information Assurance Framework and this should be ready for use in 2025. This followed a recommendation by the ICO.
- The report of the ICO and Caldicott Guardian was in full for Members information with no redactions. The Service welcomed the views of the ICO and the support that they had given. It was accepted that there

was a need for improvement and the team were already on with the Information and Governance Programme. To keep Members updated the Service requested reports be presented at mid-year and end of year.

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

- It was noted that Internal Audit were going to work alongside the Service for the implantation of the recommendations.
- Mandatory training is undertaken every two years with all Council staff and the last training was in 2022 when there was a 100% completion rate. The next training will take place in September 2024.

RESOLVED – To:

- a) Consider the contents of the report and assurances provided within the Council's Corporate Information Management and Governance Statement of Internal Control.
- b) Note the outcome of the ICO Data Protection Audit, acknowledging the areas for improvement, and agree to receive mid-year and end of year action plan progress update reports.

65 Annual Assurance Report of Information Digital Services (IDS) Governance.

The Annual report of the Chief Digital and Information Officer set out the decision-making arrangements within Integrated Digital Service (IDS). The arrangements set out provided a framework for transport and accountable decision-making in IDS in accordance with the Council's Corporate Governance Code and Framework.

The Deputy Chief Digital and Information Officer presented the report providing the following points:

- The report looks at the process in places in IDS such as digital strategies, digital priorities and the various boards and the roles and responsibilities within the team.
- In terms of governance there are a number of boards, including the Digital Board, meetings with the Design Authority where there are a set of principles for how to deliver I.T. such a Cloud First to ensure that security in place in all pieces of work. There is also the Change Advisory Board, Information Management and Governance and Change Delivery Group.
- In relation to digital inclusion, it was highlighted to Members that the 100% digital program reports every year to Scrutiny, and the next time will be 3rd April 2024. The report will focus on what has happened this year and will look at plans and priorities for next year. It was noted that the first draft of the report would be available to Members from 15th March. Priorities for both inclusion and learning is the adoption of technology. The role of 100% Digital is to work with colleagues not just in IDS, but across the organisation and the city to ensure that people have all they need to adopt the technologies to improve their lives,

talking about citizens and communities or improve their experience at work.

- The service is starting to establish directorate digital road maps with a product road map for each product to plan effectively how that product will be used across the Council. A repository is being set up to store this information so that the service can plan the use of products. There is also a product portfolio in the Digital Change Team, which has 101 products at various stages of introduction, growth, maturity and decline to allow effective planning on their use.
- IDS have three big schemes which are the Essential Services Programme, Digital Efficiencies Programme and the Cloud Application and Compliance programme.
- The Service Centre are working to create a Dashboard that will be used to report on the performance of the Service Centre against Key Performance Indicators.
- Cyber assurance and security is crucial for the Council. Therefore, each year IDS must align to the PSN certification. This involves some testing where hackers come into the Council to try and break into systems, this is a major piece of work for IDS. The Committee was informed that the Council had just been awarded the PSN certification for 2024/25. It was noted that access databases need to be removed from the estate before going for accreditation next year. A report is due to go to CLT in relation to this.
- Feedback from the election process using ID's had been taken on board from 2022 and there was a different process in place for 2023 which was better, so the same format will be used again for the forthcoming elections.
- The report provided information on Power Apps to improve services for the Council.
- Within the report there was also information in relation to the survey of internal control which picked up areas of improvement for IDS, such as business partners.

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

- EDI is tracked and will be addressed in the report next year.
- Capital can be used to bring staff in to assist with big projects, to speed up delivery.
- Apologies were made in relation to the typo in the report. It was thought that it should have read Children and Families, but this would be checked.
- IDS were taking a fresh look at Lean IX to see if they would be using it, as the company had been bought by another company who were renowned for their very expensive licensing. Therefore, IDS would be checking to ensure that it would give the Council what it needs and represented value for money.
- The Council has received around £9m from UK Shared Prosperity Fund over a three-year programme which is to be spent on a range of different issues, and with money from 100% Digital and with money

from the Localities and Communities Team, the Council is combining efforts to put free Wi-Fi for communities into more community centres. A list of community centres in priority wards is being checked to ensure that the buildings used will be remaining open over the next 18 months, so currently looking at about 13 community centres. 100% Digital are looking to fund an officer who can provide support in relation to equipment and use of the equipment and improve I.T. skills. It was noted that a report was due to go to Executive Board. Members requested that the report was also provided to the Committee. It was also noted that Elected Members wished to be informed which communities and where, and if required they would be willing to assist where possible.

- The Council has 300 licences for Microsoft Co-Pilot which is A.I. embedded into Microsoft 365. IDS are currently working with staff across all the directorates to see how this can support staff to work more effectively and efficiently. It was recognised that A.I. is new and security risk was checked. It was noted that A.I. in some areas was showing to be invaluable.
- IDS are looking to deploy a new Contact Centre solution called Genesis in the new financial year.
- IDS will be addressing issues of cyber attacks over the coming months, these will be in the form of simulated phishing attacks, this will not be communicated to staff, but IDS will follow up with staff to offer support where required. There will also be training around cyber-attacks, it was recognised that this had to be a continuous cycle of communication. It was noted that this would also relate to 100% Digital to ensure that some of our most vulnerable people in the community are not victims of cyber-attacks. IDS has links to all the Council networks such as DAWN.
- In relation to the Council's website, it was noted that the website is analysed for ease of use and how many times used.
- Leeds free Wi-Fi is available in 150 buildings, but it was acknowledged that it was not possible to check age-restrictions but can filter certain things and it is always under review.

RESOLVED – To note the positive assurances set out in the IDS Statement of Internal Control attached to the report at Appendix A.

66 Internal Audit Update Report

The report of the Chief Officer Financial Services provided assurance that the internal control environment is operating as intended through a summary of the Internal Audit activity for the period from September to December 2023.

The presenting officer provided the Committee with the following points:

- It was noted that there have been some changes to the plan to provide support to Information Management considering the ICO review.
- Recommendation Tracking currently has 16 open, however, 15 of these were not due yet. It was noted that the Service is due to have conversations with the services and set dates for completion. Some of

the recommendations were more than three months but assurance was given that the services were still working on them.

- The Adults and Health review was just starting. Any reviews not started in this year would roll over to 2024/25.

In response to questions the following information was provided:

- The suggestion from the Committee to see details of how many recommendations had not been completed and where certain directorates were not responding would be included in future reports. It was noted that the only changes to date were with processes and systems hindering the recommendation tracking.
- A typo was noted on page 147 of the agenda pack and should have said 'A 'Dashboard' had been developed to strengthen performance management and presentation outcomes'.
- It was recognised that the Committee had concerns about the way the school's assessments were undertaken. The Service would look at how they worked with the school's team on assessments and there was a need to get assurances from schools. This detail would be provided in the planning process to the March meeting.
- The Service were trying to monitor more robustly what influence they are providing through advisory work, to see that the check and challenge is influencing their direction of activities. Therefore, the team would be looking at the outcomes of this work and it was the view that this is key to achieving the right balance of what assurance work the team do and what advisory work they do.
- Regular meetings take place with other core cities, partners and regional groups and it was noted that they are facing the same issues so provided the opportunity to benchmark.

RESOLVED – To:

- a) Receive the Internal Update Report covering the period from September to December 2023 and note the work undertaken by Internal Audit 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 the Internal Audit during the reporting period.
- c) Receive the report providing information relating to the Monitoring of Urgent Decisions covering the period from September to December 2023.

Cllr Robinson briefly left the room at 11.30, returning at 11:45 during this item.

67 Counter Fraud Update Report April - December 2023

The report of the Senior Head of Audit, Corporate Governance and Insurance provided assurance that the internal control environment is operating as intended through a summary of the counter fraud activity for the period April to December 2023.

The Senior Head of Audit, Corporate Governance and Insurance presented the report and provided the following key points:

- The work is split into different parts the work of the dedicated counter fraud team in Internal Audit and then oversight of what happens across the Council.
- First part of the report provides information on the referrals received, and the outcomes, these were summarised as contain some confidentiality.
- The updated Anti-Bribery Policy was attached at Appendix B for the Committee's endorsement. It was noted there were no major updates, but it had been refreshed. Members were advised that the 'Policy on Page' was key to simplifying policy and make it more accessible to people. There was also a push for more engagement from the service with directorates. The use of a Dashboard is something that the team are keen to develop as well as the engagement with directorate leadership teams to help with the oversight position around how fraud risks are being managed across the Council.
- The service is looking at where they need to focus attention and are talking to other authorities on their approach to some of the risks.
- The report also updated the Committee on the Council's use of the Regulation of Investigatory Powers Act 2000.

RESOLVED – To:

- a) Receive the Counter Fraud Update Report covering the period from April to December 2023 (Appendix A) and note the work undertaken by Internal Audit and other service areas during the period covered by the report.
- b) Endorse the Anti-Bribery Policy (Appendix B) and Policy on a Page (Appendix C).

68 Update report on Government Proposals to address the national audit backlog, and Grant Thornton's Response and update on the Audit 2021/22

The report of the Chief Finance Officer informed the Committee of the Government's most recent proposals to address the backlog on incomplete audits across local government in England.

The Head of Finance provided the following information to the Committee as there had been developments to the item since the circulation of the papers to Committee:

On Friday 9th February, the Government had issued a joint statement in conjunction with the National Audit Office, the Financial Reporting Council and various other interested bodies. It set out the proposal to bring the timescales for local authority audits back in line gradually over a 5-year period.

Accompanying that statement there are to be two consultations, one on the Accounts Audit Regulations for Councils and one on the Code of Audit Practice which applies to auditors. There is due to be a third consultation from CIPFA which will make changes to the 2023/24 and 2024/25 accounts

Draft minutes to be approved at the meeting
to be held on Monday, 18th March, 2024

requirements for property valuations and pensions disclosures. The aim of which is to reduce the amount of time that is needed to be spent by both accountants and auditors on those areas over the next two years.

The draft Accounts and Audit Regulations introduce the expected backstop of 30th September for councils to publish audited accounts for 2022/23 and any earlier years that are outstanding. They will also introduce over the following five years a series of backstops, starting with 31st May 2025 backstop for the 2023/24 final audited accounts, and then gradually reducing those timescales over the following five years. The Government as part of that consultation are proposing to extend the deadline for local authority draft accounts for 2024/25 beyond the 31st May, due to the coincidence of that backstop. There are no current proposals to extend the draft accounts for this year. However, they may not have appreciated that this year's backstop is likely to have caused auditors to want to carry on audits during April and May this year. It was noted the Council will be addressing this in its response to the consultation.

In terms of requirements for auditors there is a change in the Code of Audit Practice and auditors will be required to produce audit reports and audit opinion in sufficient time for councils to meet those backstops dates. Where the audit opinion has been modified or disclaimed as a result of the backstop there is guidance that auditors need to be clear in their audit opinion that, that is the case. The guidance also says if auditors are issuing a modified or qualified opinion for reasons other than the backstop, they are required to consider whether a Statutory Recommendation or Public Interest Report would be appropriate.

Grant Thornton presented their report providing the following information:

- The report was a summary of where they are with the respective audit years that are still open.
- The 2021/22 accounts audit was still ongoing. Two versions of the draft ISA 260 report had been presented to the Committee in the last 12 months. It was noted that work had continued on this audit since the meeting and was about 90% complete. They were now working through the remaining outstanding areas which were valuation of property, plant and equipment fixed assets and also some aspects of the 'technical hot review' that the 2021/22 accounts were subject to. The area of property, plant and equipment takes a lot of auditors, council officer and valuers time and this is what the consultation issued is trying to address. However, for the 2021/22 and 2022/23 audits it would remain a requirement.
- Regular engagement is taking place between the auditors and the Chief Finance Officer and the Finance Team on a weekly basis to ensure that deadlines of the end of March are reached for 2021/22 audit. It was noted that all parties are committed to finalise by the end of March so that they can move forward into the 2022/23 audit.
- It was acknowledged that whilst the accounts audit has two years ongoing the Value for Money audits are up to date for both 2021/22 and 2022/23. The I.T. Controls Report for 2022/23 had also been reported to Committee.

- The Consultation said that there will be a backstop date of the end of September 2024 for all account years.
- Grant Thornton as a firm is taking a very clear line that anything not concluded by the end of March is likely to be backstopped, on the basis that their resources typically shift to their NHS clients in April, May and June. This would leave a tight timescale between July and the end of September to deliver a number of local authority audits, especially factoring in annual leave on both sides. It was noted that discussions had taken place between the auditor, the National Head of Public Sector Audit, and the National Head of Audit at Grant Thornton. The auditor had made a case for continuing with the 2022/23 accounts audit at Leeds as the Chief Finance Officer was keen for them to continue. It was noted that as long as 2021/22 could be concluded by end of March, the firm would immediately progress onto 2022/23 audit from the beginning of April through to the end of September. To do this they had set aside two of their more experienced auditors, who would not be taking part in the NHS audits.
- It was acknowledged that there were risks and these had been set out in the paper.
- Grant Thornton recognised that the Council was taking this seriously and the Chief Finance Officer had shared discussions at CLT on this issue. The Chief Executive had made a clear statement to colleagues to ensure that the Finance Team and external auditors get the required responses and input between now and the end of September.
- The Committee were informed that the issue of the backstop would feed into the workshop that Grant Thornton was doing for the Members at the beginning of March.

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

- Grant Thornton as a firm was looking at authorities where audit work has gone on significantly after the balance sheet date that the accounts relate to. If they got to the position of a Statutory Recommendation, it would be an elevation of previously reported issues for this Council. It was noted that in previous years as part of the Value for Money accounts there had been issues raised in relation to accounts for the previous three years, which the auditors had thought were not sufficiently addressed when they came to do the Value for Money audit in 2022/23 and they had elevated this in November, from an improvement level recommendation to a key level recommendation. Therefore, if the 2021/22 accounts cannot be signed off in March, then the view would be that since the key recommendation this would be a possible case for raising a formal Statutory Recommendation.
- It was noted that out of the auditors own local government portfolio, Leeds was the only one which had not signed off its accounts for 2021/22 and 2022/23. However, as a firm they audit over 40% of the market, and there are a number of clients who have 2022/23 or earlier audits that are outstanding. Grant Thornton was of the view that there should be a backstop of 31st March for the 2021/22 audit.

- It was noted that when Leeds had received Value for Money opinions officers had not agreed with the recommendations. However, improvements had been made on the working papers and the timeliness etc. The Chief Finance Officer was of the view that the recommendation had only been put to the Council in November and therefore, had not had time to make the differences that Grant Thornton would be able to see, to enable issues to be resolved. It was noted that to make a Statutory Recommendation would mean that this would need to be put before full Council within two weeks of it being issued. An Action Plan must be created on how going to improve for discussion at full Council. However, if it is on a backstop date it would be difficult to be able to show improvement as the date would have already been missed. The Council was committed to work closely with Grant Thornton to ensure that the audits were progressed to meet the deadlines. The technical details and regulations that the Council must adhere has meant that the Council has had to spend time explaining them. The Council has also had 'hot reviews' and FRC reviews which have required a lot of additional resources. As the Section 151 Officer, she wanted it noting that she was of the view that if a Statutory Recommendation was issued this would be unfair and not justified.
- Grant Thornton in their response said that the Section 151 Officer had said this to him in discussions and he takes her comments on board. The auditor reiterated the firms audit approach for Leeds was no different to any other local authority. However, both sides were committed to work closely together to get the 2021/22 audit concluded at the end of March.
- Members were of the view that the report had been written using punishing terms of phrase. They had concerns that the way it was written would have an impact on staff wellbeing, especially at any point a single milestone was missed.
- If Grant Thornton were unable to complete the audit as the backstop had not been met, the auditor said that the issue of the auditor's fee would need to be resolved nationally.
- The milestones had been proposed by Grant Thornton and needed to be finalised with the Finance Team before they could be agreed.
- Grant Thornton do audit other core cities, but they were not in this auditor's portfolio. However, his colleagues were facing similar conversations with other authorities in relation to the backstop date. It was noted that Leeds was the largest council that the Leeds office audits.
- It was noted that in terms of understanding there was a lot of questioning and there is a prescribed approach to the level of public sector audits. There was a lot of granularities of audit work following requirements of the FRC. It was noted that four or five years previously the public sector files were not of a standard required by the FRC, and this was on detailed testing of areas of estimate and judgement. Therefore, there was more detailed work undertaken on valuation of assets and the West Yorkshire Pension Fund.
- Members highlighted page 5 of the supplementary information, which said that if a milestone was missed Grant Thornton would revert to the

backstop. Members were of the view that this was a tremendous pressure to put on staff. It was noted that if this situation arose there would be discussion with the Chief Finance Officer and the team to look at reasons why the milestones had not been met.

- The Chief Finance Officer clarified that the 2022/23 audits would be done by Grant Thornton and as far as she was aware there would be no 'hot reviews', or audits by FRC. It was noted that the teams involved with the audit process are also working on other areas as well as bringing in a new financial system and they were under pressure. It was noted that CLT were supportive to provide additional resources to ensure that the Council meets deadlines to get the accounts audited. Grant Thornton confirmed that no 'hot reviews' or FRC reviews should happen in the coming months.
- The Director of Strategy and Resources reiterated that the Chief Executive was fully committed to this. It was noted that all Managers had been written to emphasising the importance of getting information in relation to the audits to ensure that deadlines were met. A request was made that early conversations were had to address any concerns by the auditors, so officer time was used as effectively as possible.
- Members were of the view that the Council was in this position because of a national issue.
- It was noted that over 900 local authority accounts across the country were outstanding, some dating back as far as 2016. There are roughly 480 local authorities, police bodies, national parks etc in any one year. So, some authorities within the 480 have multiple years outstanding. Numbers were confirmed by the Chief Finance Officer as; 25 had not published to 2021/22 accounts, 142 have not been completed, and 146 have completed audits for 2022/23, 64 councils had not published their accounts, 215 had not been audited, and 33 had completed their audits.
- Should a Statutory Recommendation be proposed, there would be a consistency review and panel within Grant Thornton, this with the most senior public sector partners would be part of the process alongside the auditors and relevant senior management at the Council. Should it be that the accounts are captured by the backstop, the auditors would have to issue a modified audit opinion. However, the consequences of that were still to be confirmed, as there were a number of sets of accounts outstanding nationally. Normally if a disclaimer opinion is issued, this is significant and would require a significant level of audit resource on the following year's set of accounts as there would not be any assurances over the opening position as the work would not have been completed on the previous year. However, due to the number of authorities likely to be captured by the backstop, it was the expectation that there would be a work around on the opening balances for local authorities that had not had a full audit. It was noted that the Council had produced accounts for 2022/23 but these may change as a result of anything that has significantly changed in 2021/22.
- Members were informed that by the next meeting of the Committee on the 18th March, it is expected that the accounts for 2021/22 would be virtually ready for signing off. It was clarified that Grant Thornton's

position for the deadline was the 31st March for the 2021/22 accounts and to date the accounts were 90% complete.

- Procurement for external audit had just finished. The Council is part of national group who procure for a number of authorities at the same. It was noted that the five-year contract starts with 2023/24 and Leeds has been allocated Grant Thornton. Members were informed there would be a different audit engagement lead.
- It was noted that a proposed plan had been produced to address what is required for the audit and this was appended to the report. Members were advised that after the meeting the Finance Team were due to meet to consider the priorities for the work to be undertaken. Meetings would be held with staff to ensure that everyone knew what was required and when. There would also be an extra resource to support the Head of Finance in the programme management of the audit. Mapping is to be undertaken to ensure that the team know when queries are coming in, who has responded and when the response has been sent. The team have weekly meetings with Grant Thornton and the Chief Finance Officer has monthly meetings to ensure that the Council knows what is outstanding and what needs to be done.
- It was still unclear how many authorities would receive a Statutory Recommendation. However, in the case of Leeds it was made clear that it would follow the due process by Grant Thornton.
- Grant Thornton was of the view that it wished to keep the wording in the report as it was. They recognised that it was a stronger form of words than used previously, however, it emphasised the significance that the firm was interpreting the circumstances at Leeds, to ensure that the audits are completed by the end of September.
- Grant Thornton confirmed that they have allocated the strongest people to the Leeds audits, particularly for the 2022/23 audits they have withheld two of the most experienced auditors from NHS work. These auditors would be supplemented with the firms most experienced trainees and part qualified members of staff who have worked on Leeds audits previously, so they have an understanding of the team and the systems and processes. It was also confirmed that this was the case for the remainder of the 2021/22 audit.

The Chair thanked Grant Thornton and the Leeds Finance Team for work on the audits, but especially to the Chief Finance Officer and her team for working so hard to meet the deadlines.

RESOLVED – To note the information provided in the report on the Government's intention to introduce a backstop date, and to note Grant Thornton's proposed course of action for the 2022/23 audit and their progress towards completing the 2021/22 audit.

69 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 and when items would be presented.

Draft minutes to be approved at the meeting
to be held on Monday, 18th March, 2024

Members were advised that the work programme for next year was currently being developed and if they had any suggestions for future items, these could be emailed to the Chair.

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

70 Date and Time of Next Meeting

RESOLVED – To note the next meeting was scheduled on Monday 18th March 2024, at 10.30am.

This page is intentionally left blank

Internal Audit Plan 2024-25

Date: 18th March 2024

Report of: Senior Head of Internal Audit, Corporate Governance and 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

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 enables a focus on accomplishing the key priorities and Best City Ambition.

This report provides Members with assurances over the approach to Internal Audit Planning for 2024-25, outlining the ways in which the process is risk-based and satisfies regulatory requirements.

The report provides Members with an opportunity to review and comment on proposed changes to the Internal Audit Charter.

Recommendations

- a) The Corporate Governance and Audit Committee is asked to review and approve the proposed Internal Audit Plan for 2024-25.
- b) The Corporate Governance and Audit Committee is asked to review and approve the updated Internal Audit Charter which will be effective from 1st April 2024.

What is this report about?

- 1 The Terms of Reference for the Corporate Governance and Audit Committee include the consideration of the Council's arrangements relating to internal audit requirements. As a result, the Committee is responsible for reviewing and approving the approach to risk-based audit planning and overseeing the agreement and completion of significant pieces of work.
- 2 The purpose of this report is to present the approach to internal audit planning for 2024-25 to the Corporate Governance and Audit Committee, along with an outline of the areas of audit activity which we have a statutory obligation to complete, and the immediate areas of priority for review and approval. Appendix A includes the detailed considerations and consultations involved in the planning process. The content and direction of the plan will be subject to continual review and approval throughout the year.
- 3 The Public Sector Internal Audit Standards (PSIAS) requires that the purpose, authority and responsibility of the internal audit activity be formally defined in an internal audit charter. This establishes the position of Internal Audit within the organisation and the functional reporting relationship of the Chief Audit Executive (this role is fulfilled by the Senior Head of Audit, Corporate Governance and Insurance) with the committee.
- 4 It is good practice for the Charter to be reviewed on a regular basis. Since the last review of the Charter, the Senior Head of Audit, Corporate Governance and Insurance has become responsible for the Insurance Services. The Charter has been updated accordingly and a copy is provided as Appendix B.

What impact will this proposal have?

- 5 A risk-based Internal Audit plan promotes and provides assurance on the effective and efficient use of resources across the organisation.
- 6 The work of Internal Audit contributes towards Leeds City Council achieving its key priorities and Best City Ambition pillars.
- 7 The approach to audit planning has been reviewed with the aim of ensuring it is risk-based and flexible to the demands of a dynamic and changing organisation. This report presents the way in which audit planning is to be carried out to achieve maximum impact from the available resource.
- 8 The Internal Audit Charter has been updated to reflect the additional responsibilities of the Chief Audit Executive in relation to corporate governance and insurance and sets out the safeguards to maintain independence in these areas. It also reflects changes to the reporting of the outcomes of reviews linked to our more flexible ways of working. The Charter reaffirms the role and position of Internal Audit in the organisation, set out the relevant safeguards around independence and contribute towards strengthening departmental liaison.

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

Health and Wellbeing Inclusive Growth Zero Carbon

- 9 The Internal Audit Plan is developed to provide 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

10 The Internal Audit Plan is developed in consultation with Members of the Committee, the council's Section 151 Officer, the Monitoring Officer, senior management and colleagues from across the authority. Consultation around key risks and priorities continues throughout the year to ensure that planned audit activity is focussed on the areas of highest risk and impact.

What are the resource implications?

11 At this stage, the resources available to deliver the plan are considered to be sufficient to enable the Senior Head of Internal Audit, Corporate Governance and Insurance to provide appropriate assurances in support of the statutory finance officer's role. This will be monitored going forward. To ensure the most effective deployment of the available resource throughout the year, internal audit activity will be planned to focus on the most significant risk areas and on the robustness of financial control.

12 Internal Audit Update Reports will be provided to the Committee throughout the year as set out within the updated Internal Audit Charter. These will provide assurances around the effective use of Internal Audit resources through information pertaining to the delivery and completion of the annual plan. As well as summarising the outcomes of completed activity, the Internal Audit Update Reports will also provide the committee with a forward look at identified priorities and the opportunity to review planned areas of activity as the year progresses.

13 The Internal Audit Plan includes a number of reviews that evaluate the effective use of resources and provide assurance on the corresponding financial governance, risk management and internal control arrangements.

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

14 The Internal Audit Plan will be 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.

15 The risks relating to the achievement of the Internal Audit Plan are managed through ongoing review of outcomes delivered during the year, alongside monitoring performance and resource levels. This information is reported to the Committee.

What are the legal implications?

16 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.

17 The PSIAS require the Senior Head of Internal Audit, Corporate Governance and Insurance to deliver an annual internal audit opinion and report that can be used by the Council to inform its governance statement. Effective risk-based planning is required to ensure that the audit opinion is supported by an appropriate and comprehensive range of work over the course of the year.

The standards refer to the need for the planning of engagements to be based on a documented risk assessment undertaken at least annually, with input from senior management and the 'Board.' Within Leeds City Council, the Corporate Governance and Audit Committee fulfils the key duties of the Board laid out in the PSIAS. This report sets out how the internal audit planning process satisfies these requirements.

18 The PSIAS set out that the plan must be reviewed and adjusted, as necessary, in response to changes in the organisation's business, risks, operations, programmes, systems, and controls. By determining statutory obligations and immediate areas of priority at the outset, and then leaving contingency to develop the remainder of the plan as the year progresses, we are able to satisfy this requirement throughout the year.

19 The PSIAS require the purpose, authority and responsibility of the internal audit activity to be formally defined in an internal audit charter. The Senior Head of Internal Audit, Corporate Governance and Insurance is required to periodically review the Audit Charter and present it to senior management and the committee for approval, with final approval residing with the committee.

Options, timescales and measuring success

What other options were considered?

20 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?

21 Success will be measured through the delivery of the Internal Audit Annual Report and Opinion. Each update report will provide an update on the work completed during the period and an outline of priority areas of focus for the subsequent periods.

What is the timetable for implementation?

22 Subject to approval by the Committee, the Charter will be re-established with immediate effect. Risk-based audit planning will continue throughout the year with delivery of the plan commencing in April 2024.

Appendices

- A – Internal Audit Planning 2024-25
- B – Internal Audit Charter

Background papers

- None.



Appendix A

Leeds City Council Internal Audit Planning 2024-5

Corporate Governance and Audit Committee

18th March 2024

INTERNAL AUDIT PLANNING 2024-25

1 Purpose of this report

- 1.1 The purpose of this report is to set out the approach to internal audit planning for 2024-25 to the Corporate Governance and Audit Committee, along with details of the immediate areas of priority for review and approval.

2 The Planning Process

- 2.1 The Public Sector Internal Audit Standards (PSIAS) require that the Chief Audit Executive¹ (CAE) ‘*must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals.*’ The standards state that risk-based planning should take into account the requirement to produce an Annual Internal Audit Opinion and Report that is 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. To support this, risk-based planning must take account of the need to cover an appropriate and comprehensive range of work. There also needs to be a balance between breadth (taking a broad look at governance and risk management) and depth (drilling down into specific areas where internal audit can provide valuable insight).
- 2.2 Reflecting on the challenges over recent years, and with an eye on ensuring audit planning is geared towards maximising the impact from the available resource, we have reviewed and refreshed our approach for 2024-25. Rather than develop a long list of audits for approval that covers the whole year, and then make multiple changes to the plan (where appropriate) as the risk profile of the organisation changes in-year, we have sought to adopt a more agile approach moving forward. This involves identifying our statutory obligations (for example grant certification work) and immediate priority commitments for approval at the outset, and then determining a series of more focussed plans for review and approval throughout the year. In essence, audit planning will become a continual activity throughout the year, and audit engagements will be assessed against robust prioritisation criteria as explained below at 2.5. This approach seeks to increase buy-in from Directorates and service areas through responsiveness to their emerging needs and priorities, whilst also delivering greater transparency with the Committee on our plans, performance and output.
- 2.3 The PSIAS set out that the plan must be reviewed and adjusted, as necessary, in response to changes in the organisation’s business, risks, operations, programmes, systems and controls. By determining statutory obligations and immediate areas of

¹ For the purposes of this report, the Chief Audit Executive is the Senior Head of Audit, Corporate Governance and Insurance.

priority at the outset, and then leaving contingency to develop the remainder of the plan as the year progresses, we are able to satisfy this requirement throughout the year.

2.4 In line with the PSIAS, the continual risk-based approach to audit planning draws on the following sources:

- the Council's risk management processes and the corporate and directorate risk registers;
- the results of previous internal audit work and our ongoing assessment of the auditable entities within the council;
- planned work deferred from 2023-24;
- awareness of relevant local and national issues;
- consultation with the Corporate Governance and Audit Committee, the Council's Section 151 Officer, the Monitoring Officer, senior management and colleagues from across the organisation; and
- regular dialogue with the core cities and authorities within South and West Yorkshire helps to ensure that we are aware of emerging risks within other Councils so that they can be considered during audit planning.

2.5 The outputs from the planning process have enabled us to develop a repository of audit areas for consideration. We will continually build on this source of intelligence and bring forward priorities when planning work based on a balance of the following criteria:

- the requirement to carry out a sufficiently comprehensive range of work to give an objective and evidenced based opinion on aspects of governance, risk management and internal control;
- the scope for financial and / or reputational impact, particularly in the context of the current organisational position;
- the requirement for Internal Audit to add value through improving controls, streamlining processes;
- recognition of corporate, directorate, service level and emerging risks;
- links to key corporate priorities including the three pillars of the Best City Ambition;
- an assessment of the counter-fraud and corruption links, Freedom to Speak Up Guardian Referrals and opportunities to provide assurances in respect of the culture of the organisation.

3 Resources

3.1 The Internal Audit team will comprise of 11.57 Full Time Equivalent (FTEs) at the start of 2024-25. This compares to 14.84 at the start of the previous year. Following a restructuring of the service, natural movement within the team including some departures has led to a continuing review of how the audit service is most efficiently and effectively delivered, with the aim to be smaller in size but bigger in influence. Whilst it is clear that the staffing resource has fallen, this is not out of step with the wider council and an inevitable shrinking in size given the financial challenge. Effective planning and prioritisation of audit engagements is key to getting the best from the available resource. The number of days allocated in the plan to specifically

provide the CAE with the evidence for the opinion on the control environment is 1786 days, which compares to 2298 in the previous year. This is a prudent estimate that allows for the need to set aside time for staff development and wellbeing, whilst maximising the resource that can be devoted towards core assurance and consultancy activities.

- 3.2 We are committed to using modern audit techniques to ensure that we deliver audit coverage as efficiently and effectively as possible in alignment with our Data Analytics Strategy. We are a member of a Core Cities Audit Benchmarking Group which collaborates across areas of audit delivery and provides valuable information and insight across its membership. The comparison of working practices is used to identify areas for potential improvement across the delivery of our audit services as well as providing reassurances around our approach to emerging challenges. Most authorities are under pressure to deliver audit plans within a smaller resource envelope and therefore the sharing of good practices is vital. Consistent with other authorities, we draw on a multitude of work streams to help deliver the annual opinion, including an increased focus on advisory work and client liaison activities.
- 3.3 The regular review of our Quality Assurance Improvement Programme enables us to identify and monitor potential blockages and areas for improvement in the audit process. The resulting work we have been undertaking to refresh our protocols and the streamline our audit reporting arrangements will enable us to be more efficient in the delivery of audit work.
- 3.4 In the opinion of the CAE, the resources that are currently available are sufficient to perform the work necessary to deliver the Annual Internal Audit Opinion and Report that will be used by the organisation to inform its governance statement.

4 Internal Audit Plan 2024-25

- 4.1 In previous years we have presented information to the Committee on the planned number of days we expect to spend in each area of the plan. Whilst this was effective in demonstrating the totality of our planned coverage ahead of the year starting, invariably we have found that changes in risk, resource and organisational priorities have resulted in a very different picture over the course of the year. Therefore, to enable us to plan our activity over the year in such a way that is agile and dynamic (whilst remaining PSIAS compliant), at this stage we are setting out details of the planned areas of activity that are either:
- A statutory obligation that we must complete during the year (examples being grant certification work) and / or;
 - Audit engagements that we immediately know we must complete due to the level of risk faced or impact to be delivered in the context of our annual opinion. This can include follow up work where we have previously identified significant weaknesses in the control environment, and engagements already agreed as immediate priorities with Directorates.

- 4.2 Table 1 below provides a breakdown of the planned audit engagements, along with an overview of the assurance that each audit aims to achieve, together with a summary of the corresponding themes and risks covered. These have been grouped into five key areas:
- Counter Fraud & Corruption – outlining our plan for counter fraud activity.
 - Grants and Head of Audit Assurances – to provide assurance that grant claims have been spent in accordance with grant determinations or assurances in areas where the Head of Internal Audit or Chief Officer, Financial Services is required to provide assurances to another organisation.
 - Key Financial Systems – to provide assurance on the key areas of financial risk. These systems are reviewed on a cyclical basis.
 - Cross Cutting Audits – to provide assurance on key systems and processes that cover more than one service area and directorate.
 - Service Specific Audits – to provide assurance on key systems and processes within individual service areas.
- 4.3 To ensure that the work undertaken will enable us to meet the requirement to provide an overall opinion on the council's framework of risk management, governance and internal control we have assigned assurance themes to the reviews. These themes are taken into account when identifying and prioritising work throughout the year to ensure that there is a breadth of work across these areas to arrive at a strong, evidenced-based annual opinion.
- 4.4 The planned audit engagements outlined in Table 1 include both assurance and consultancy reviews as defined by the PSIAS. The consultancy reviews are advisory in nature and add value and improve governance, risk management and control processes without Internal audit assuming management responsibility. Both types of review contribute to the annual assurance opinion of the CAE. The balance between these types of reviews will be monitored through the ongoing review of the plan.
- 4.5 The remaining 52% of the planned audit days are held as contingency to enable us to plan and complete work over the course of the year in direct correlation with the changing risks and priorities of the organisation. As outlined in 5.1 below our update reports will include planned activity for the next period drawing from this contingency.
- 4.6 A significant portion of our initial planned engagements is directed towards the transformational work across the council. This recognises that the council is, has and continues to undertake reviews across the organisation to identify opportunities to continue to modernise and improve services, reduce costs and generate additional income. Our work in this area will provide a range of assurances around the risks posed when reshaping the way services are delivered, including from a financial perspective and ensuring continued regulatory and legislative compliance. This will also enable us to provide assurance and advice in respect of the arrangements in place to manage change effectively.

- 4.7 Financial risk represents a key theme running throughout the plan, with over half the initial planned engagements covering an element of financial management. This reflects the current risk profile of the organisation and provides an opportunity for us to provide valuable assurances across a wide range of financial systems and processes.
- 4.8 Tackling the threat of fraud and corruption continues to be a priority across the public sector and, as a result, Counter Fraud and Corruption activities form a substantial part of our audit plan. This is split between reactive and proactive workstreams, including time to maintain the counter fraud and corruption strategic and policy framework and raise awareness of key risk areas through the delivery of bespoke training.
- 4.9 In addition to the work outlined in Table 1 we have a small number of external clients for which we provide internal audit services. This work is estimated at 85 days for 2024/25 and is not included in the days allocated to the plan in 3.1 above. Provision of these services will not impact on our ability to deliver the assurances required for the council.

5 Update Reporting and Monitoring Arrangements

- 5.1 Update Reports are provided to the Committee throughout the year. These will include the following information on the delivery of planned audit activity:
- A summary of the planned work that has been completed during the period, along with any significant issues identified
 - Planned work ongoing to be carried forward to the next period
 - Any unplanned work completed (with supporting reasons for why this work has been brought forward as an immediate priority)
 - Any planned work that is no longer determined to be a priority (including the supporting reasons why)
 - A statement of planned activity for the next period. This will include an outline of prioritised audit engagements that have been discussed and agreed with Directorate leads.
 - Recommendation Tracking – reporting the number of high and medium priority recommendations raised and implemented by Directorates
 - Feedback received from audit clients through our Customer Satisfaction Questionnaire and through dialogue with client teams
 - Our Quality Assurance Improvement Programme
- 5.2 The above approach will provide greater transparency (period by period) on the work that we commit to carrying out, enabling the committee to review our performance in completing planned engagements and delivering outcomes. By reporting audit planning as a continual process, this will also provide the opportunity for the Committee to regularly contribute to the planning process.

- 5.3 Regularly reporting on audit planning activity will also enable us to highlight clearer links between emerging organisational priorities, changes in the recognition of risk (at corporate and directorate level) and Internal Audit activity. This should provide the Committee with important sources of assurance that the Internal Audit function is value-adding and risk-based.

Table 1: Statutory Requirements and Initial Priority Areas for Internal Audit Planning 2024-25

Audit Area	Overview of Assurance	Assurance Themes	Risks
Counter Fraud and Corruption			
Whistleblowing Hotline and Reactive Work	Risk assessment and investigation of allegations and referrals providing assurance that there is an independent and objective process in place for acting on whistleblowing concerns received.	Counter Fraud and Corruption, Financial Management, Ethics and Culture, Human Resource Management, Legislative / Regulatory Compliance	Various
Counter-Fraud and Corruption Proactive Work	Risk-based work to prevent and detect fraud. Fraud awareness training and communication to support a counter fraud culture. Participation in the Cabinet Office National Fraud Initiative (NFI) exercise.	Counter Fraud and Corruption, Financial Management, Legislative / Regulatory Compliance, Governance and Decision Making, Ethics and Culture, Value for Money	Various
Counter-Fraud and Corruption Policy Updates - cyclical	Review of the: <ul style="list-style-type: none"> • Whistleblowing Policy in line with current legislation and best practice. • Counter Fraud and Corruption Strategy/Fraud Response Plan to ensure this remains relevant. 	Counter Fraud and Corruption, Financial Management, Procurement, Contracts and Commissioning, Ethics and Culture, Legislative / Regulatory Compliance	Various
Grants and Head of Audit Assurances			
Various Grant Assurances	Independent examination of accounts and / or assurance that the grant claim has been spent in accordance with the grant determination.	Performance Management, Financial Management, Counter Fraud and Corruption	Various

Audit Area	Overview of Assurance	Assurance Themes	Risks
Key Financial Systems			
Council Tax	To gain assurance over the Council Tax processes for billing, income collection, recovery action, refunds and write offs.	Financial Management, Performance Management, Risk Management, Value for Money, Counter Fraud and Corruption Legislative / Regulatory Compliance	LCC09 - In-year Budget, LCC10 - Medium Term Financial Strategy
Housing Benefits	To gain assurance over the processes and performance within the Benefits Assessment Unit, including ensuring that Housing Benefit and Council Tax Support payments are accurately processed and paid.	Financial Management, Performance Management, Risk Management, Legislative / Regulatory Compliance, Counter Fraud and Corruption, Value for Money	LCC09 - In-year Budget, LCC10 - Medium Term Financial Strategy
KFS Data Analytics	Evaluation of control effectiveness across key systems on a routine basis, highlighting and reviewing high risk events or transactions.	Financial Management, Value for Money, Counter Fraud and Corruption, Governance and Decision Making, Procurement, Contracts and Commissioning, Risk Management	Various
Cross Cutting Audits			
Financial Challenge	Time set aside to allow for Internal Audit reviews aimed at supporting the council's efforts to address the current financial challenges, including the arrangements in place to reduce non-essential spend.	Financial Management, Transformation and Innovation, Governance and Decision Making, Risk Management, Ethics and Culture, Performance Management, Value for Money, Counter Fraud and Corruption, Legislative/Regulatory Compliance	LCC09 - In-year Budget, LCC10 - Medium Term Financial Strategy
Core Business Transformation	Time allocated within the plan to robustly challenge the programme and to provide assurance on the governance and value for money arrangements. This will include review the readiness for implementation of both Microsoft Dynamics Finance and Operations and iTrent and the new ways of working resulting from this.	Transformation and Innovation, Governance and Decision Making, Financial Management, Human Resource Management, Performance Management, Risk Management, Counter Fraud and Corruption, Consultation and Engagement, Information Governance, Project and Programme Management, Value for Money	LCC02 - Council Resilience, LCC09 - In-year Budget, LCC10 - Medium Term Financial Strategy, LCC26 - Information Management and Governance

Audit Area	Overview of Assurance	Assurance Themes	Risks
Organisational Redesign	Time allocated to support the organisational redesign work being undertaken across the council. This will include providing assurance on the governance of the programme; providing support and assurance as new ways of working are developed and implemented; and ensuring that potential risks and control weaknesses are highlighted and considered as part of the redesign.	Transformation and Innovation, Project and Programme Management, Consultation and Engagement, Ethics and Culture, Commercial, Asset Management, Financial Management, Risk Management	LCC02 - Council Resilience, LCC09 - In-year Budget, LCC10 - Medium Term Financial Strategy
Organisational Culture	Targeted reviews looking at the organisational culture within a sample of service areas with a view to providing assurance on the arrangements in place to embed values, behaviours and a positive and healthy working culture. Specific areas of coverage to be determined on a risk basis.	Ethics and Culture, Human Resource Management, Consultation and Engagement, Equality, Diversity and Inclusion, Performance Management, Risk Management	Various
Complaints Handling	To review and provide assurance on the arrangements in place to ensure complaints are addressed in a consistent, comprehensive and timely manner in accordance with policy requirements.	Human Resource Management, Ethics and Culture, Consultation and Engagement, Equality, Diversity and Inclusion, Information Governance, Legislative / Regulatory Compliance, Performance Management	Various
Service Specific Audits			
Children & Families Transformation	Time allocated to support Children & Families transformation work being undertaken to address the current financial challenges. This will include providing support and assurance as the services develop new ways of working and implement these changes; and ensuring that potential risks and control weaknesses are highlighted and considered.	Transformation and Innovation, Financial Management, Risk Management, Project and Programme Management, Governance and Decision Making, Legislative / Regulatory Compliance, Consultation and Engagement, Safeguarding, Value for Money	LCC09 - In-year Budget, LCC10 - Medium Term Financial Strategy, LCC42 - Inspections: poor outcomes, LCC03 - Safeguarding Children

Audit Area	Overview of Assurance	Assurance Themes	Risks
Children & Families Finance Policies and Use of Section 17 Fund Follow Up	To review the progress made implementing the recommendations made as part of the previous review.	Financial Management, Value for Money, Legislative / Regulatory Compliance, Ethics and Culture	LCC03 - Safeguarding Children, LCC09 - In-year Budget, LCC10 - Medium Term Financial Strategy, LCC42 - Inspections: poor outcomes
Selective Licensing	A review of the processes in place for ensuring that properties subject to selective licensing are licenced and inspected as appropriate.	Legislative / Regulatory Compliance, Asset Management, Health and Safety, Performance Management, Risk Management	LCC11 - Health and Safety Failure
Homes of Multiple Occupancy Follow Up	To review progress made in implementing the recommendations made for the objectives that previously received a limited assurance opinion.	Asset Management, Health and Safety, Legislative / Regulatory Compliance, Performance Management, Risk Management, Safeguarding	LCC11 - Health and Safety Failure
Regulators of Social Housing Consumer Standards	To provide assurance that there are processes in place to ensure that the council complies with the new consumer standards that come into force in April 2024.	Legislative / Regulatory Compliance, Consultation and Engagement, Health and Safety	LCC42 - Inspections: poor outcomes
Tenant Satisfaction Measures	To provide assurance that there are appropriate mechanisms in place to monitor and report on the Tenant Satisfaction Measures all social housing landlords are required to report on.	Performance Management, Consultation and Engagement, Information Governance, Legislative / Regulatory Compliance	LCC42 - Inspections: poor outcomes
Environmental Enforcement	To provide assurance that there are policies in place that set out the legal / regulatory obligations with regard to environmental enforcement and that there are processes in place to ensure that these are discharged consistently and appropriately.	Legislative / Regulatory Compliance, Performance Management, Counter Fraud and Corruption, Financial Management	LCC09 - In-year Budget, LCC10 - Medium Term Financial Strategy, LCC11 - Health and Safety Failure
ICO Action Plan	Time allocated to provide support and challenge to the service implementing the recommendations from the ICO visit. This	Information Governance, Legislative / Regulatory Compliance	LCC26 - Information Management and Governance, LCC42 - Inspections: poor outcomes

Audit Area	Overview of Assurance	Assurance Themes	Risks
	will include providing support and assurance as new ways of working are developed and implemented and ensuring that potential risks and control weaknesses are highlighted and considered.		
Digital Governance	To provide assurance that there are appropriate governance arrangements in place both within IDS and for the wider digital work across the council.	Governance and Decision Making, Transformation and Innovation, Information Governance, Project and Programme Management	LCC15 - Major ICT Failure, LCC26 - Information Management and Governance, LCC31 - Major Cyber Incident, LCC02 - Council Resilience, LCC10 - Medium Term Financial Strategy
Management of Cloud Services Contracts	To provide assurance the costs associated with provision major cloud services are controlled, monitored and in line with agreed contracts.	Procurement, Contracts and Commissioning, Performance Management, Financial Management, Value for Money, Information Governance	LCC09 - In-year Budget, LCC10 - Medium Term Financial Strategy
Data Protection Impact Assessments	To review the progress made implementing the recommendations made in relation to the limited opinion.	Information Governance, Cyber Security, Legislative / Regulatory Compliance, Risk Management	LCC26 - Information Management and Governance
Invest to Save Schemes	To provide assurance that there are robust processes in place to ensure that projects funded through the invest to save or innovation fund are subject to approval, which enables the benefits to be measured and monitored against the expected outcomes.	Financial Management, Governance and Decision Making, Performance Management	LCC09 - In-year Budget, LCC10 - Medium Term Financial Strategy
Implementation of the Procurement Act	To provide support to the service in implementing the new Procurement Act. This will include providing support and assurance in relation to new ways of working and to ensure that potential risks and control weaknesses are highlighted and considered.	Legislative / Regulatory Compliance, Procurement, Contracts and Commissioning, Consultation and Engagement, Transformation and Innovation	LCC09 - In-year Budget, LCC10 - Medium Term Financial Strategy

Audit Area	Overview of Assurance	Assurance Themes	Risks
PFI Contract Expiry	Time allocated to support the service in the development of processes and procedures for the expiry of PFI contracts.	Procurement, Contracts and Commissioning, Financial Management, Governance and Decision Making, Legislative / Regulatory Compliance, Value for Money	LCC09 - In-year Budget, LCC10 - Medium Term Financial Strategy, LCC11 - Health and Safety Failure
Highways overtime and standby payments	To provide assurance that there are robust processes in place to ensure that these payments are legitimate, authorised and accurately processed.	Performance Management, Risk and Resilience, Financial Management, Value for Money, Legislative / Regulatory Compliance, Counter Fraud and Corruption	LCC09 - In-year Budget, LCC10 - Medium Term Financial Strategy
School Follow Up Reviews & Voluntary funds	To review the progress made implementing the recommendations made in relation to the limited opinions for the schools reviews and to undertake audits on school voluntary funds.	Financial Management, Counter Fraud and Corruption, Procurement, Contracts and Commissioning, Governance and Decision Making, Value for Money	LCC09 - In-year Budget, LCC10 - Medium Term Financial Strategy

This page is intentionally left blank



Appendix B

Leeds City Council

Internal Audit Charter 2024-25

Corporate Governance and Audit Committee

18th March 2024

INTERNAL AUDIT CHARTER 2024/25

1 Introduction

- 1.1 This charter sets out the purpose, authority and responsibility of the internal audit activity at Leeds City Council.
- 1.2 The Mission of Internal Audit is "To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight". The main objective is to help the council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes. In terms of the Public Sector Internal Audit Standard (PSIAS) this means providing a high quality, independent audit service to the Council which provides annual assurance in relation to internal control and overall governance arrangements.
- 1.3 The Internal Audit Charter will be reviewed and reported to Senior Management and the Board for approval annually.

2 Purpose

- 2.1 Internal Audit is an independent appraisal function established within the authority with the following objectives¹:
 - To provide an effective Internal Audit Service, on behalf of the Chief Officer - Financial Services, in line with legislation and the appropriate audit standards;
 - To provide an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations;
 - To help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.
- 2.2 It is the responsibility of the Chief Audit Executive to provide an independent and objective opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
- 2.3 The Chief Audit Executive reports to the Corporate Governance and Audit Committee on a regular basis in line with the agreed work programme for the Committee. There are a number of standard items reported including the annual Internal Audit plan, an annual opinion on the control environment, governance and risk management and regular updates on reports

¹ Financial Regulations – Section 22 'Internal Audit'

issued. The Chief Audit Executive's annual report is presented to those charged with governance and should be used to support the Council's Annual Governance Statement.

- 2.4 Internal Audit employees will ensure that they conduct work with due professional care and in line with the requirements of the PSIAS and any other relevant professional standards.
- 2.5 Internal auditors will treat as confidential the information they receive in carrying out their duties. There must not be any authorised disclosure of information unless there is a legal or professional requirement to do so. Confidential information gained in the course of an audit will not be used to effect personal gain.

3 Definitions

Definition of the Chief Audit Executive (CAE)

- 3.1 Chief Audit Executive describes a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the PSIAS Definition of Internal Auditing, the Code of Ethics and the Standards. Within Leeds City Council the Senior Head of Audit, Corporate Governance and Insurance is the designated 'Chief Audit Executive'.

Definition of the Board

- 3.2 The PSIAS lays out the role of a Board in relation to specific standards. In a local authority the role of the Board may be satisfied by an Audit Committee. In Leeds City Council the Corporate Governance and Audit Committee fulfils the role of an audit committee and, for the purposes of the key duties laid out in the PSIAS, is the Board.
- 3.3 The key duties of the Board as laid out in the PSIAS are as follows:
 - Approve the Internal Audit charter (Standard 1000);
 - Approve the risk based Internal Audit plan including the approval of the Internal Audit budget and resource plan (Standard 1110);
 - Receive an annual confirmation from the Chief Audit Executive with regard to the organisational independence of the internal audit activity (Standard 1110);
 - Make appropriate enquiries of the management and the Chief Audit Executive to determine whether there are inappropriate scope or resource limitations (Standard 1110);
 - Receive the results of the Quality Assurance and Improvement Programme from the Chief Audit Executive (Standard 1320);

- Receive communications from the Chief Audit Executive on internal audit’s performance relative to its plan and other matters (Standard 2020).

Definition of Senior Management

- 3.4 Within Leeds City Council ‘Senior Management’ is defined as the Section 151 Officer (Chief Officer - Financial Services).
- 3.5 The PSIAS anticipates the role of Senior Management includes the following:
- Input to the risk based Internal Audit plan (Standard 2010);
 - Receive periodic reports from the Chief Audit Executive on internal audit activity (Standard 2060); that includes follow up reports (Standard 2500);
 - Receive the results of the Quality Assurance and Improvement Programme from the Chief Audit Executive (Standard 1320.)

Definition of Internal Audit

- 3.6 Leeds City Council has adopted the PSIAS definition of internal auditing as follows:

“Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

Definition of Consulting Services

- 3.7 The PSIAS defines consulting services as follows: *“Advisory and client related service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation’s governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training.”*
- 3.8 The PSIAS requires that approval must be sought from the Board for any significant additional consulting services not already included in the audit plan, prior to accepting the engagement (Standard 1130.) Within Leeds City Council significant is defined as any single assignment equivalent to 5% of annual planned days; these will be brought to the Corporate Governance and Audit Committee for approval.

4 Authority

- 4.1 Internal Audit is a statutory requirement in local government. The Accounts and Audit (England) Regulations 2015 state that:
5. (1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
 - (2) Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit—
 - (a) make available such documents and records; and
 - (b) supply such information and explanations;

as are considered necessary by those conducting the internal audit.
 - (3) In this regulation “documents and records” includes information recorded in an electronic form.
- 4.2 The statutory role is recognised and endorsed within the Council’s Financial Regulations (Section 22 - Internal Audit), which provides the authority for access as follows:

Directors must ensure that Internal Audit is allowed to:

- (a) Enter any council premises or land at all reasonable times;
- (b) Access all records, documents, data held on computer media, and correspondence relating to all transactions of the council, or unofficial funds operated by an employee as part of their duties;
- (c) Receive such explanations as are necessary concerning any matter under examination.
- (d) Require any employee of the council to produce cash, stores or any other property under their control, belonging to the council or held as part of the employee’s duties.

5 Independence / Objectivity

- 5.1 Internal Audit is independent of the Council’s other functions and, officers have no executive or operational responsibilities for the development, implementation, or operation of systems outside of the team. Where internal audit is part of a programme or project, this will be in the capacity of a ‘critical friend’ with no responsibility for operational decisions or ownership of actions.
- 5.2 The PSIAS specify that where the CAE is required to take on roles and responsibilities that fall outside of internal auditing, safeguards must be in place to limit impairments to independence or objectivity. The CAE is responsible for the leadership and management of the Council’s Corporate Governance and Insurance and Claims services. To avoid actual, potential or perceived conflicts of interest, planned audit activity in these areas is led by the Head of Finance – Internal Audit and reported to the Director of Strategy and Resources, senior management and Corporate Governance and Audit Committee without any oversight or influence by the CAE.

- 5.3 Independence is considered when allocating work to individual internal auditors and at the planning stage for individual audit assignments.
- 5.4 If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed in the first instance to the CAE and reported to Corporate Governance and Audit Committee and/or Section 151 officer as appropriate.
- 5.5 Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal Auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgements.
- 5.6 The CAE reports to the Chief Officer – Financial Services who in turn reports to the Director of Strategy and Resources. In addition, the CAE is 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 Function². Reports can also be made to the Corporate Leadership Team.
- 5.7 The CAE will confirm to the Corporate Governance and Audit Committee on an annual basis, within the Annual Report, the organisational independence of the Internal Audit Service.

6 Code of Ethics

- 6.1 All our Internal Auditors must conform to the Code of Ethics (see Appendix 1). The code promotes an ethical culture in a profession founded on the trust placed in its objective assurance about risk management, control and governance.
- 6.2 The Code of Ethics includes 2 essential components – the Principles and Rules of Conduct (which are an aid to interpreting the Principles into practical applications).
- 6.3 Internal Auditors will adhere to LCC relevant policies and procedures (including the Employee Code of Conduct) and the LCC Internal Audit Quality Procedures Manual.
- 6.4 All Internal Auditors will hold a professional qualification or be training towards a professional qualification.

² Financial Regulations – Section 22 'Internal Audit'

6.5 In addition, all internal auditors have a personal responsibility to undertake a programme of continuing professional development (CPD) to maintain and develop their competence. This is fulfilled through the requirements set by professional bodies and through the Council's appraisal and development programme.

7 Scope

7.1 The scope for Internal Audit is the control environment comprising risk management, control and governance. This effectively includes all of the council's operations, resources, services and responsibilities in relation to partnerships and other bodies. It covers all financial and non-financial related activities, systems and resources of the Council at all levels of its structure.

7.2 To enable Internal Audit to meet its objectives, it will undertake work within a scope of activities including but not limited to any of the following:

- review of controls within existing systems and systems under development
- compliance with policies and procedures including Financial Regulations
- transactions testing to ensure accuracy of processing
- contract audit
- establishment reviews
- computer audit including data analytics
- counter fraud work
- investigation of suspected fraud and irregularities
- value for money reviews and transactions testing
- provision of advice to Directorates and establishments including consensual IT services
- provision of audit services to external clients.

7.3 All Internal Audit work is undertaken in accordance with internal quality assurance procedures incorporated in its quality management system, which has now been ISO accredited since 1998. Independent reviews are undertaken on Internal Audit on a yearly basis by an external organisation to ensure compliance with the ISO (9001) standard.

8 Internal Audit Plan

8.1 At least annually the CAE will submit to the Corporate Governance and Audit Committee a risk based internal audit plan for review and approval.

8.2 The risk based plan comprises initially the core elements of audit work that are mandated each year. This includes audits of the Council's key financial systems, grant certification, reactive fraud work and participation in the national Fraud Initiative

(NFI). Once these core elements of the plan and follow up reviews are accounted for, the remaining audit resource is directed at undertaking audit work in the most high risk areas, informed by our documented, ongoing risk assessment. These areas of work are determined and continually reassessed throughout the year based on the changing risk profile of the Council. Any significant deviation from the approved internal audit plan will be communicated through the regular update reports.

- 8.3 For each audit assignment, Internal Auditors will develop and document a plan including the objectives of the review, the scope, timing and resource allocations. In planning the assignment, auditors will consider, in conjunction with the auditees, the objectives of the activity being reviewed, significant risks to the activity and the adequacy and effectiveness of the activity's governance, risk management and control processes.

9 Resourcing

- 9.1 The audit plan lays out the planned audit resources for the year with the objective of giving an evidence-based opinion.
- 9.2 Internal Audit must be appropriately staffed in terms of numbers, grades, qualification levels and experience, having regard to its objectives and to the standards. Internal Auditors need to be properly trained to fulfil their responsibilities and should maintain their professional competence through an appropriate on-going development programme.
- 9.3 If the CAE considers the level of audit resources in any way limits the scope of internal audit or the ability of Internal audit to deliver a service consistent with its statutory and related requirements, he will advise the Chief Officer -Financial Services, and the Corporate Governance and Audit Committee.
- 9.4 The audit plan will include a contingency allocation to enable us to plan and complete work over the course of the year in direct correlation with the changing risks and priorities of the organisation.

10 Reporting

- 10.1 An audit output will be prepared and issued by the Internal Audit following the conclusion of each internal audit engagement and will be distributed as appropriate. The audit output may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response, whether included within the original audit output or provided thereafter by management of the audited area will include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

- 10.2 All high and medium priority recommendations raised will be added to the appropriate recommendation tracker. This enables the tracking of the implementation of these recommendations and is key to help understand where controls have been strengthened following an audit and also highlight areas to re-visit to ensure actions are being progressed appropriately.
- 10.3 Where the audit output includes a limited or no assurance opinion for the control environment and /or compliance with the control environment either overall or for a particular objective, the report will be shared with the Executive Member for the relevant portfolio and the Chair of the relevant Scrutiny Committee. In addition, the work will be subject to a follow up review to ensure recommendations have been adopted and suggested controls are working well in practice.
- 10.4 As part of our regular update reports to Corporate Governance and Audit Committee we will:
- report on the activity of the Internal Audit for the period;
 - provide a summary of significant audit findings, including reports where limited or no assurance has been provided for the control environment and/or compliance with the control environment and follow up reviews;
 - report on the implementation of previously agreed recommendations.
- 10.5 The annual report will incorporate the annual opinion, a summary of the audit work that supports the opinion and a statement on conformance with the PSIAS and the results of the Quality Assessment and Improvement Programme (QAIP).

11 Quality Assessment

- 11.1 The CAE operates a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity and periodically assesses conformance with PSIAS. This includes both internal and external assessments. The external assessment will be conducted at least once every five years.
- 11.2 The outcomes of all internal and external assessments, including any areas of non-conformance with PSIAS, will be included in the QAIP and reported annually to senior management and the Corporate Governance and Audit Committee.
- 11.3 Ongoing performance is also reported to Corporate Governance and Audit Committee through the update reports.
- 11.4 There are regular reviews of working practices including benchmarking against other Internal Audit services through the Core Cities and Yorkshire and Humber Heads of Audit groups. In addition we actively seek feedback from internal and external clients through our customer satisfaction questionnaire.

12 Non audit work – investigations and counter-fraud services

- 12.1 PSIAS recognise that Internal Audit may go beyond the work needed to meet its assurance responsibilities and provide services to support management, including consultancy services or assistance with the investigation of suspected fraud or corruption. Such services apply the professional skills of internal audit and contribute to the overall assurance opinion.
- 12.2 Internal Audit has oversight of the council's counter fraud and corruption framework, including the whistle-blowing arrangements, including receiving and risk assessing concerns via the whistleblowing reporting channels (phone, email, online referral form) or other routes such as the Freedom to Speak Up Guardian, external bodies and where appropriate investigates instances of suspected or actual fraud, corruption or impropriety. It also facilitates participation in the NFI, which matches data from Council information systems with information held by other participating bodies to identify potentially fraudulent activity.
- 12.3 Managing the risk of fraud and corruption is the responsibility of management; Internal Audit will assist management in the effective discharge of this responsibility by having up to date Counter fraud and corruption policies, Fraud Awareness training and awareness raising and liaison with those undertaking counter fraud activities across the council e.g. Tenancy Fraud Officers
- 12.4 In line with Financial Regulations (Section 21 – Fraud and Corruption), whenever any matter arises that involves, or is thought to involve irregularities concerning cash, stores or other property of the council or any suspected irregularity in the exercise of the functions of the council, including bequests, trust and client monies, it must be immediately brought to the attention of the respective Director. Where the irregularity is thought to involve fraud, corruption or impropriety the Director must ensure that the matter is reported to the Senior Head of Audit, Corporate Governance and Insurance. If the irregularity or suspected irregularity involves theft or suspected theft of assets, it must also be referred to the Police. In addition where a break-in is suspected, the Police must be informed immediately.
- 12.5 The Senior Head of Audit, Corporate Governance and Insurance will consider the implications for his opinion on the adequacy and effectiveness of the relevant controls and the overall internal control environment.

APPENDIX 1 – CODE OF ETHICS

A Code of Ethics is necessary for the profession of internal auditing as trust is placed on its objective assurance about governance, risk management and control.

The PSIAS sets out a Code of Ethics around 4 principles which Internal Audit will adhere to. The 4 principles are: **Integrity, Objectivity, Confidentiality** and **Competency**.

1 Integrity

The principle – The integrity of internal auditors establishes trust and this provides the basis for reliance on their judgement.

Rules of Conduct – Internal auditors:

- Shall perform their work with honesty, diligence and responsibility;
- Shall observe the law and make disclosures expected by the law and the profession;
- Shall not knowingly be a party to an illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organisation;
- Shall respect and contribute to the legitimate and ethical objectives of the organisation.

2 Objectivity

The principle – Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.

Rules of Conduct – Internal auditors:

- Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation;
- Shall not accept anything that may impair or be presumed to impair their professional judgement;
- Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

3 Confidentiality

The principle – Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

Rules of Conduct – Internal auditors:

- Shall be prudent in the use and protection of information acquired in the course of their duties;
- Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.

4 Competency

The principle – Internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.

Rules of Conduct – Internal auditors:

- Shall engage only in those services for which they have the necessary knowledge, skills and experience;
- Shall perform internal auditing services in accordance with the International Standards for the Professional Practice of Internal Auditing;
- Shall continually improve their proficiency and effectiveness and quality of their services.

Annual assurance report in relation to employment policies and employee conduct

Date: 18th March 2024

Report of: Chief HR 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

What is this report about?

Including how it contributes to the city's and council's ambitions

This is the annual report to the committee concerning the Council's employment policies and employee conduct. The report provides assurance to the Committee that, employee conduct is properly managed, policies are regularly reviewed and employee conduct forms part of normal manager/ employee relations.

The Best City Ambition sets out our vision for the future of Leeds with a focus to tackle poverty and inequality to improve the quality of life for everyone in Leeds. Our organisational plan shows how we will work to be an efficient, enterprising, healthy and inclusive organisation to support the deliver of the Best City Ambitions and to achieve our vision to be the best council in the best city. This can only be achieved through the linked ambition to be the Best Place to Work which will be delivered by our People Strategy 2020 - 2025.

Recommendations

Corporate Governance and Audit Committee is requested to receive this report and the attached Appendix 1 as together providing key forms of assurance on the robustness of the Council's employment policies and procedures in place to manage employee conduct.

Why is the proposal being put forward?

- 1 To provide members with assurance that the Council has appropriate employment policies and procedures in place to support the management of employee conduct.

What impact will this proposal have?

Wards affected:

Have ward members been consulted? Yes No

- 2 The information set out in this report and appendix provide assurance that the council's systems of internal control in relation to employment and employee conduct are operating soundly and will support the Committee in approving the 2024 Annual Governance Statement.

What consultation and engagement has taken place?

- 3 Employment policies are developed and reviewed by the HR team in consultation with trade union colleagues and staff networks with additional advice where applicable being provided by legal services. The views of and feedback from managers is also collected via focus groups.
- 4 Development of new or review of existing policies form part of the fortnightly meetings with the Deputy Leader and Executive Member for Strategy and Resources.

What are the resource implications?

- 5 Effective management of our workforce has a positive impact on our overall salary costs. Our policy review process includes working pro-actively with our Trade Union colleagues to ensure that our employment policies are in line with our values and are easy to understand for employees and managers so that our workforce is managed and supported effectively.

What are the legal implications?

- 6 All employment policies are legally compliant, and the human resources team receive direct updates from ACAS, the Local Government Association and through other routes that allow policies to be reviewed to ensure they keep up with legislative changes as well as best practice advice.

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

- 7 As an employer there is legal responsibility to ensure that certain employment policies are in place and as a good employer Leeds City Council wants to achieve a culture where all employees are clear on their responsibilities and can be their best.
- 8 If employment policies are not effectively implemented, then there is a risk of employees taking legal action against the Council through Employment Tribunal claims. ACAS early conciliation and employment tribunal cases are monitored through monthly meetings between the Deputy Chief Officer HR, the HR Business Partner with the lead for casework and legal services. These internal controls help protect against reputational damage which could lead to a poor employer brand making it harder to attract and retain the best employees. From April 2019 all formal casework has been logged via SAP which has resulted in better quality reporting allowing trends to be spotted and action to be taken.
- 9 Regular attendance to the Resources and Strategy Scrutiny Board also ensures there is on-going scrutiny throughout the year on specific topics. This year there has been further scrutiny on performance management, attendance management, Equality Diversity and Inclusion, Health, Safety and Wellbeing, with a particular focus on mental health and workload. Full details can be found in the corresponding scrutiny papers, links are provided within table 1 of the appendix.

Does this proposal support the council's three Key Pillars?

Inclusive Growth Health and Wellbeing Climate Emergency

- 10 Our People Strategy 2020-2025 aims for all staff to be safe and well at work. Initiatives to develop talent in the city, develop skills and attract talent support the inclusive growth strategy, whilst considerations about the way we would and how we might reduce our carbon footprint

also contribute to our net zero ambition. Policies and procedures are developed with the three pillars in mind.

Options, timescales and measuring success

What other options were considered?

11 N/A

How will success be measured?

12 N/A

What is the timetable for implementation?

13 N/A

Appendices

14 Appendix 1 Annual assurance report for employment policies and employee conduct.

Background papers

15 None

This page is intentionally left blank

Introduction

1. This annual report to the Corporate Governance and Audit Committee provides assurance in respect of the Council’s employment policies and arrangements we have in place to manage employee conduct.
2. Expectation in relation to employee conduct is communicated to staff through a communication framework as set out in the Organisational Plan and employee conduct is monitored and reported.
3. From the review, assessment and on-going monitoring carried out, the Chief HR Officer has reached the opinion that employee conduct is properly managed, policies are regularly updated and reviewed to ensure they meet any changes in legislation and employee conduct forms part of normal manager/employee relations.
4. Employment policy and procedures comprise of policy documents and accompanying toolkits which contain template documents and guidance for employees and managers. We work to collectively agree all our employment policies with the recognised Trade Unions.
5. In accordance with the Council’s values and the People Strategy 2020-2025, our employment policies and procedures are a key tool in helping the Council to be the best place to work and have a workforce that feels they can be their best, be valued for who they are and be safe and well at work.
6. The statement sets out the standing arrangements for the internal control of employment policy and employee conduct and provides evidence of compliance over the reporting period from January 2023 to December 2023.
7. The statement includes opportunities that have been identified to improve these arrangements.



Define and Document

Policy and Strategy

8. The Council's People Strategy 2020-2025 is clearly documented alongside our Organisational Plan and outlines our ambitions to be the best employer in the best city, which will help support the delivery of the Best City Ambitions. This lays out our approach to supporting our managers and staff to be their best, valued for who they are and be safe and well whilst working for our organisation. The People Strategy is available on the [leeds.gov website](https://www.leeds.gov.uk).
9. There is a wide breadth of employment policies at Leeds City Council from inclusion and diversity, wellbeing and those that relate directly to conduct and performance, all of which are ACAS (Advice, Conciliation and Arbitration Service) compliant.

Employment Policies

10. Throughout 2023, the toolkit to support the recruitment and selection process was developed which provides detailed guidance to managers to support them to carry out a fair recruitment and selection process. The focus of the toolkits is to ensure the process is inclusive and we attract and select the right people that align with our values.
11. Following the grievance practice review (GPR) in 2022 the recommendations are being progressed. The pilot carried out in the Community, Housing and Environment directorate has provided further insight, the immediate next steps are to develop an early resolution process in support of better outcomes on grievance practice. This is under development.
12. A review of the Code of Conduct has begun, along with the development of a new flexible working policy, a regrade policy and changes to family leave, all to be implemented in 2024.
13. A review of the Health, Safety and Wellbeing policy has been carried out and is now live. This sets out our commitment and pledge; the roles and responsibilities; and arrangements to promote, prevent and support.
14. In all policies there continues to be an emphasis on managers taking early action to avoid issues escalating unnecessarily and also on taking an individualised approach to supporting their employees to be at work and be their best.
15. There is an on-going commitment to ensure that when policies are developed or reviewed, they follow a consistent format, are simple, easy to understand, access and navigate.
16. During 2023, the Freedom to Speak Up Guardian has started to embed within the organisation. Though this role has no direct management reporting into Human Resources this is an additional route for employees to raise any concerns they may have. Following queries raised through this route we have also developed additional guidance to support managers and employees through bereavement.

Politically Restricted Posts

17. In order to comply with The Local Government and Housing Act 1989 (as amended) the council has a politically restricted posts policy. The identification of posts is built into the guidance notes accompanying the creation of new posts and the redesignation of existing posts. There have been no referrals in 2022/23 to the HR team for any breach of the politically restricted posts policy and procedure.

Values and Behaviours

18. In 2023, Internal Audit provided final recommendations and action plan for implementation following the review of organisational culture, these actions have been progressed, some actions are on-going, however they are being tracked through the internal audit recommendation tracking process.
19. This year we have continued to embed the expectations of our leaders and managers as part of our #TeamLeeds values and behaviours through appraisal discussions and our #BeYourBest development programme, the values and behaviours are detailed within the [Organisational Plan](#) alongside the manager expectations, which provides clear guidance in terms of the expectations of our managers and leaders, including supporting their teams to be their best.

Democratic Oversight

20. The Executive Member for Strategy and Resources has oversight of matters in relation to human resources. The Executive Member regularly attends the HR and Trade Union meetings and has a fortnightly briefing with the HR Leadership team to enable any required escalation. Throughout 2023, reports have been provided to the Strategy and Resources Scrutiny Board and Executive Board providing further member oversight and scrutiny on key topics. Table 1 provides an overview of key reports that have provided assurance and action plans to progress work in each area.

Table 1 – Member oversight and scrutiny

Date & Board	Report	Outline
February 23 – S&R Scrutiny Committee	LGA Peer Review final report and recommendations	Including key employment related work linked to EDI, Be Your Best and Health Safety and Wellbeing, recognising current achievements and also supporting on going work to embed within these areas.
February 23 – Executive Board	LGA Corporate Peer – Action Plan	

February 23 – Executive Board	A refreshed approach to Equality Diversity and Inclusion	Outlining the EDI Vision Statement and action plan covering three strands included our response as an employer.
June 23 – Executive Board	Being Our Best – Organisational Plan	An overview of the refresh of the organisational plan linked to the Peer Review -setting clear expectation for managers and leaders.
June 23 – S&R Scrutiny Committee	Performance report	Covers key performance indicators.
July 23 – S&R Scrutiny Committee	People Management Report	Main focus on managing attendance and our approach to managing performance.
September 23 – S&R Scrutiny Committee	Staff Survey Analysis	Providing analysis and recommended actions to build into local service response.
October 23 – S&R Scrutiny Committee	Employee Mental Health Update	Highlights targeted interventions through policy, framework and management system.
October 23 – Executive Board	LGA Corporate Peer Challenge – Progress review	Outlining finding of the one-day follow up visit and positive progress made.
December 23 – S&R Scrutiny Committee	LGA Peer Challenge Progress review	Recognising progress made under EDI, Be Your Best and positive results from the staff survey, albeit recognising more work to be done to support management of workload

Clearly Communicate

Contracts of Employment

21. Contract of employment documentation includes details of terms and conditions of employment and makes direct reference to employment policies, in line with legislation. Employees can also obtain copies of employment policy at any time by searching on Insite or asking their manager for a hard copy.

Communications

22. The well-established communications and engagement framework set out in the Organisational Plan continues to be utilised to ensure information is disseminated to different tiers of employees across the workforce, a full list of the well established communication routes can be found within the organisational plan. This begins at the corporate leadership team level down through appraising managers and to all staff. [A link to the organisational plan can be found here.](#)
23. The Be Your Best Manager Network continues to expand, this now includes over 500 managers, The network encourages collaboration and peer support and sharing of good practice around the management of staff.
24. Due to the financial challenges faced by the authority in 2023 all appraising managers continue to be invited to sessions with the Chief Executive to discuss the organisations financial challenges, including a question-and-answer session. The sessions have been a positive way to help embed the Team Leeds approach and have been an opportunity to help communicate key initiatives to support our teams.
25. Best Council Leadership Team (BCLT), Extended BCLT, Best Council People and Culture and the Be Your Best Manager network have been used to promote and frame the organisational approach to performance management, as detailed in the scrutiny report in July 2023 and is regularly used to share information and promote any new initiatives.
26. The new Health Safety and Wellbeing policy has been launched and is live on Insite, this has been communicated out to services via Directors along with the Directors health, safety and wellbeing pledge.
27. The weekly manager communications are well established and consistently provide key information to managers to disseminate to their teams. In addition, the Chief Executive issues a weekly blog via email to all staff, this information is also shared on the staff Facebook page to ensure it reaches as many people as possible and help close the digital divide by providing information outside of the council network. Managers that have employees that are not digitally enabled at work are encouraged to share this information with employees directly, in addition local Facebook and Whats app groups are used to share information with individuals.

Insite

28. Information is readily available to all Council employees on our policies and procedures. When available on the intranet, they sit as part of a toolkit that provides additional advice and guidance for employees and managers, including Frequently Asked Question sections.
29. Numerous toolkits are available through the Council intranet which gives access to employment policies, as well as accompanying guidance and templates to ensure managers and employees are fully up to date. These are covered through the following toolkits:
 - [Managing staff](#) – including sections on disciplinary; grievance; supporting staff at work; supporting staff who work remotely; improving performance; probationary periods; library of former manager communication emails

- [Health, Safety and Wellbeing](#) – including sections on health and wellbeing; risk assessments; occupational health; safeguarding; PPE
- [Ill health and sickness absence](#) – including sections on improving attendance policy; improving attendance stages
- [EDI](#) – including information and guidance, training materials and the EDI dashboard
- [Values and Behaviours](#) – including sections on employee register of interest; gifts and hospitality; employee code of conduct; political activity

30. Other useful tools include the personal development section on Insite which provides access to a wide range of material and access to training to support employees, managers and leaders to be their best. Including a whole section dedicated to the leadership and management which cross references to the managing staff toolkit, mentioned above.

31. Information is shared through line managers or can be requested from HR for staff that do not have access to Insite. We continue to look for opportunities to close the digital divide and this is something that is being considered as part of the Core Business Transformation programme, to explore opportunities to provide better access to information for all staff.

Training and Guidance

32. When staff begin their employment with the Council everyone undertakes the corporate induction. Since the refresh in 2022 we continue to monitor content to ensure all materials are up to date. The council values and behaviour are prominent within the session, which includes a talk from both the Chief Executive and the Leader of the Council.

33. Training is available on key policies, key elements are also included within the Be Your Best training programme for new and existing managers to help embed learning and refresh skills.

34. In addition, experienced officers with appropriate expertise are available through HR Business Partnering teams to advise managers on how to appropriately apply these policies, either through direct contact or through the general HR enquiry line which is covered by a range of HR team members to give advice. Where appropriate, HR may seek advice on complex cases from the employment law team in Legal Services.

35. The delivery the Be Your Best leadership programme continues with over 500 managers attending sessions through 2023 (24% of the manager cohort), providing opportunities to develop skills and provide appropriate support to teams and colleagues.

36. Steps two to four of the EDI training programme has been rolled out throughout 2023. 99.2% of all appraising managers attending the face to face session (around 2200 managers). As well as appraising managers, a further 800+ supervisory colleagues received training taking the total to 3025 being trained and services taking their teams through the wider training.

37. In line with our joint EDI vision in the organisation, step 3 of the training programme was also delivered to executive board members, chairs of scrutiny and community committee chairs.

Leadership

38. Corporate Leadership Team have regular updates on key employment practices and the Best Council – People and Culture board regularly receive updates to provide guidance on the implementation of employment policies and initiatives.
39. The Deputy Leader and Executive Member for Strategy & Resources meets fortnightly with members of the HR leadership team on the full range of employment related activities.
40. Business Partnering teams also regularly communicate to Chief Officer's and their leadership teams key policy updates and raise awareness of any initiatives that they need to be implementing with their teams.

Effectively Embed

41. Throughout the year as mentioned above the Communication and Engagement Framework has been well utilised to help embed initiatives.

Appraisals and 1-2-1s

42. Policies and procedures are embedded through line management arrangements, using regular conversations through one to ones and the appraisal cycle.
43. The updated expectations of values and behaviours continue to feature in the appraisal cycle, asking staff to comment on how they feel they have performed against these in their work over the year as well as reflecting on their wellbeing and development. For the 2022/23 end of year appraisal that were completed mid-2023 (Between 5th June to 21st September) the completion rate was 94.42% across the Council, this is an increase from 2022 when completion rates were 91.5%.

Policy and strategy

44. The key employment policies outlined above are monitored regularly for outcomes and trends. There has been a particular focus on Managing Attendance, with monthly updates on sickness statistics being reported to the Corporate Leadership team for monitoring and

accountability. Focused work was also carried out with areas that required additional support to ensure processes were embedded and appropriate monitoring maintained. This has had a positive impact on reducing sickness levels in these areas.

45. An introduction to the council's values and behaviours is provided through the corporate induction, then further training is available on policies through the PAL system and HR guidance is given regularly through the HR Business Partner teams and the general enquiry line.
46. The HR Business Partnering team work closely with services to ensure issues are brought to a resolution early in the process to help avoid issues escalating and progressing to a formal process.
47. The Be Your Best leadership development offer has continued to support both new and existing managers to be their best whilst working for the organisation and covers a variety of topics, including management policy.
48. As policies are reviewed in addition to trade union consultation, links are also made with staff networks for advice and to understand lived experiences.
49. Throughout 2023, workshops have taken place to inform the development of the new core HR and Payroll system which is due to go live in 2025. The build will ensure that key policy requirements are reflected to help support the monitoring and management of employees.
50. The Health, Safety and Wellbeing Framework is using the management model of HSG 65 which is the Health and Safety Executive's recommended management system (this includes the adoption of the plan, do, check, act approach to help achieve a balance between the system and behavioural aspects of management and places health and safety as an integral part of good management, not stand alone.), which is supported by the Health and Safety Executive. Through a devolved Health and Safety Framework, we can ensure greater ownership through directorate leadership cascading information down to all employees in relation to health, safety and wellbeing and ensuring everybody recognises the role they need to play.

Employee Register of Interests

51. New starters are required to declare any interests when they commence employment, and all employees are required to register any interests as specified in the register of interests policy on an ongoing basis. Examples of declarations include duties such as school governors and other voluntary activities, employment outside the council and personal relationships with contractors.
52. In addition, there is an annual exercise covering employees in high-risk posts which are identified using the following criteria:
 - posts that give significant advice or speaking for the council;
 - posts where there is significant authority to make decisions; and
 - posts with significant discretion over spending.

In 2023 declarations were submitted by 1430 employees that had been identified as 'high risk' by Chief Officers.

53. Directors and chief officers have a responsibility to assess declarations and take the necessary actions to address any potential conflict of interest as detailed in the toolkit guidance, “Assessing outside interests.” Advice is available from the HR team.

Gifts and Hospitality

54. All individual declarations are reviewed and either approved or rejected by a Director or their nominee. The declarations are logged on a central register at the Business Support Centre.

55. On an annual basis Directors are sent a copy of the register for their directorate and they are responsible for reviewing this to ensure that they are satisfied that there are no concerns, either with what individual officers have declared over the year or with any particular firm making inappropriate offers.

No concerns in relation to declarations of gifts and hospitality were identified in the last annual review and there have been no referrals in 2023 to the HR team for any breach of the gifts and hospitality policy.

56. Clear processes are in place linked to approvals at different levels across the organisations. This is supported by an annual return where high risk posts are required to confirm they have complied with the gifts and hospitality policy at the same time as completing their declaration in relation to register of interest.

57. HR currently works with the BSC to ensure the collection of the information, but the responsibility for risk assessing the declarations lays with the line manager.

58. Table 2 below outlines the arrangements for reviewing any declaration of interest from high-risk posts:

Tabl2 2 – Arrangements for reviewing declarations of interest

Role of employee declaring interest	Reviewer of declaration
Up to and including Chief Officer	Director
Director	Chief Executive
Chief Executive	Leader of the Council

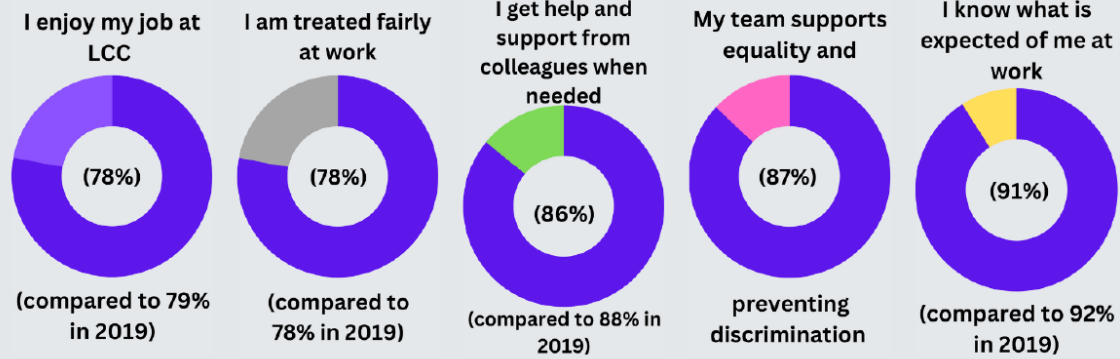
Employee Engagement Survey

- 59. The Council conducted its latest Staff Survey in Spring 2023. In total, 14729 staff were sent the survey and 7647 completed it – an overall response rate of 52%.
- 60. The Staff Survey offers valuable feedback to help the Council gauge progress against its Best Place to Work ambitions and provides an important measure relating to the Organisation Plan and People Strategy outcomes.
- 61. The Survey offers a voice to all colleagues at the council, and provides an insight into how staff feel about their job, their team, their workplace and employer. It helps the Council to identify what is working well, and what needs improvement. The feedback is used to direct our employment and people agenda and actions. It gives us a good sense of how well our values are embedded in everyday work.
- 62. In the 2023 Survey, colleagues gave an overall satisfaction score for their jobs at Leeds City Council as 7.4 out of 10.
- 63. 76% of all council colleagues who responded gave an overall satisfaction score of 7 out of 10 and above.
- 64. Response rates varied from service to service and group to group. 64% of online colleagues responded compared to 32% of those without IT access through work. Directorate level responses ranged from 43% to 55%. Individual team response rates ranged from 12% to 96%.
- 65. A summary of the results can be seen in the following graphic

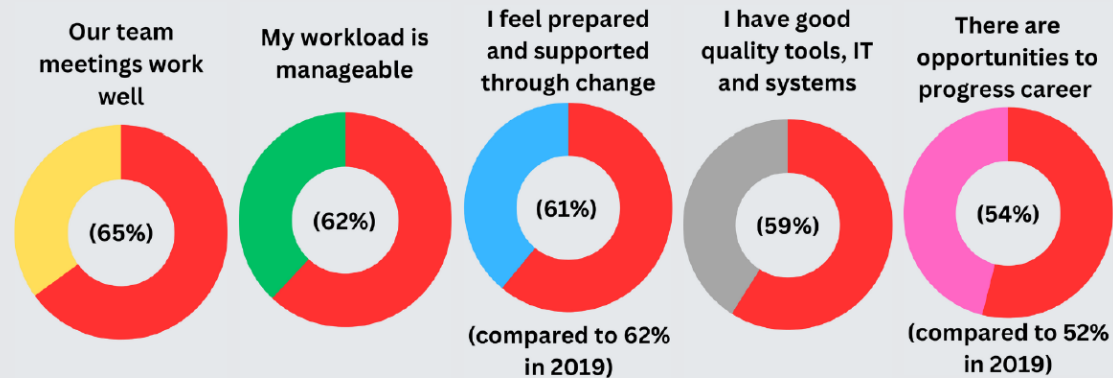
Page 62



Highest agreement levels



Lower agreement levels



- 66. The feedback from the Staff Survey is being used to direct our employment and people agenda and actions. It complements and sits alongside other workforce intelligence we have.
- 67. Action will be expected and needed at various levels. All managers and teams will play a crucial role, responding locally and working with their teams to develop their specific response plans. Some of the solutions will sit at corporate, council wide level, and be delivered as part

of our Organisational Plan. All employees can make a contribution by making suggestions and changes and by living council values and behaviours day to day.

68. Further details of our response planning can be found in the Scrutiny Board report, which is referenced and linked in this report in table 1. The next staff survey is due in 2025, this will follow the implementation of the new Core HR and payroll system, with a view to utilising the functionality within the system to help reach more staff through the self-service functionality.

Controls

69. All policies are documented with a suggested review date. However, subject to any legislative changes or issues arising that require changes the schedule will be flexed accordingly. There are established controls in place to support open and transparent decision making in relation to employment policies, including regular oversight by the HR Leadership team and legal support as required.
70. CLT receive regular reports on a variety of workforce related matters, examples in 2023 includes updates on improving attendance approach, Health, Safety and wellbeing agenda, the EDI agenda, staff survey, as well as managing the workforce response to the financial challenges.
71. The information flow mentioned above in relation to BCLT, Extended BCLT. Best Council People and Culture and appraising managers meetings ensure appropriate information is made available with actions for managers to take information back to their service areas to ensure initiatives are communicated and embed within their service.
72. In addition to general monitoring by HR Business Partnering teams with Chief Officers, casework figures are regularly monitored and the principal audit manager and the appropriate HR colleague with the lead for casework meet regularly (approximately every 2- 3 months) to identify any disciplinary cases to ensure audit are appraised of any areas where further work may be required. This ensures the internal audit team have an understanding of the control environment and have a risk-based plan for proactive counter fraud reviews.
73. Regular meetings take place between the HR and the Freedom to Speak Up Guardian to identify any recurring themes or areas that require additional attention.
74. The Strategy and Resources Scrutiny Board receives information on the workforce twice a year and this is monitored through key performance indicators such as employee absence rates, number of apprenticeships and details of workforce protected characteristics.
75. Health and safety compliance is monitored through monthly meetings between the Head of Health and Safety and the Director of Strategy & Resources through a quarterly health, safety and wellbeing priority board with Chief Officers. In addition, health and safety matters are reported to CLT twice a year and Executive Board receive an annual report and there is an established Trade Union working group. The reporting process is currently under review

External validation

76. The LGA peer review carried out in 2022/23 reported back that the council's values are lived and breathed by the Council and recognised by its partners.
77. The LGA peer review revisit in September 2023 recognised the success of the Be Your Best manager development programme, and that the EDI 5 step approach is having a wide-reaching impact across the organisation.
78. The 5 STEP EDI programme has also been the subject of a good practice case study by the Society of Local Authority Chief Executives (SOLACE).

Review and Refine

Legislation, Policy and Guidance

79. Regular checks are made by the HR team to ensure that any changes in legislation are identified and appropriate changes are made to policies and guidance.
80. As an employer there is legal responsibility to ensure that relevant employment policies are in place and as a good employer Leeds City Council ensure this is the case and wants to achieve a culture where all employees are clear on their responsibilities and can be their best.

Stakeholder engagement

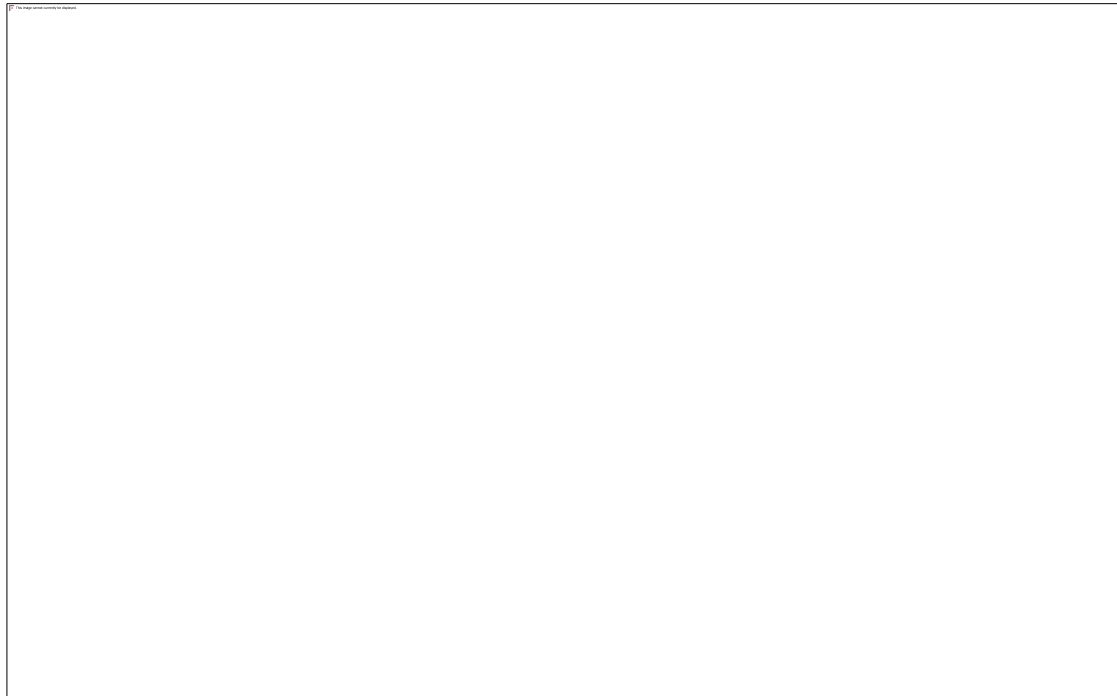
81. Key stakeholders to employment policies include managers, legal services for compliance and our recognised Trade Unions are engaged when any changes need to be made, as we endeavour to collectively agree our employment policies. We also seek input from our staff networks where possible.

Survey of Internal Control

82. In 2023 the council undertook the Survey of Internal Control amongst senior officers 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 Corporate Governance Code and Framework are working on the ground. Following additional tracking and chasing we have seen an increase in the level of responses from 44% in 2022 to a 93% response rate in 2023.
83. The Survey included questions relating to arrangements for the employment policies and procedure and the capacity and capability to be effective.
84. The survey was updated in 2023 and asked whether, in the view of respondents, regarding the management of staff in relation to staff welfare; induction, training and development, supervision; attendance and discipline; appraisals and 1-2-1s; and arrangements for obtaining advice and guidance in relation to human resources. The majority agreed this was well embedded as detailed in Graph 1 with

over 90% in all categories responding well or fairly well embedded. As questions were slightly different this year it is difficult to make a direct comparison, however we will be able to in 2024 as the same questions have been used.

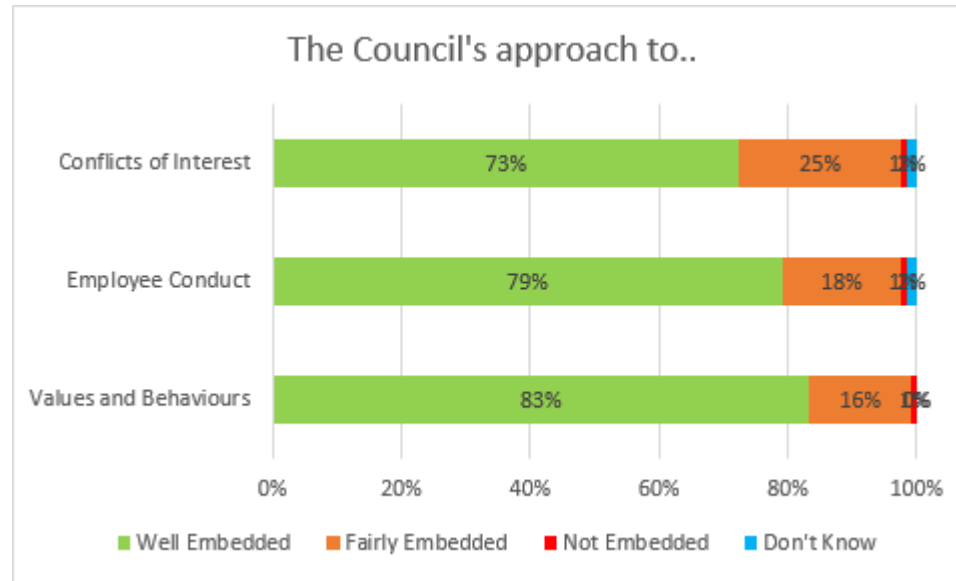
Graph 1 – Summary of responses to Human Resource Controls



Page 66

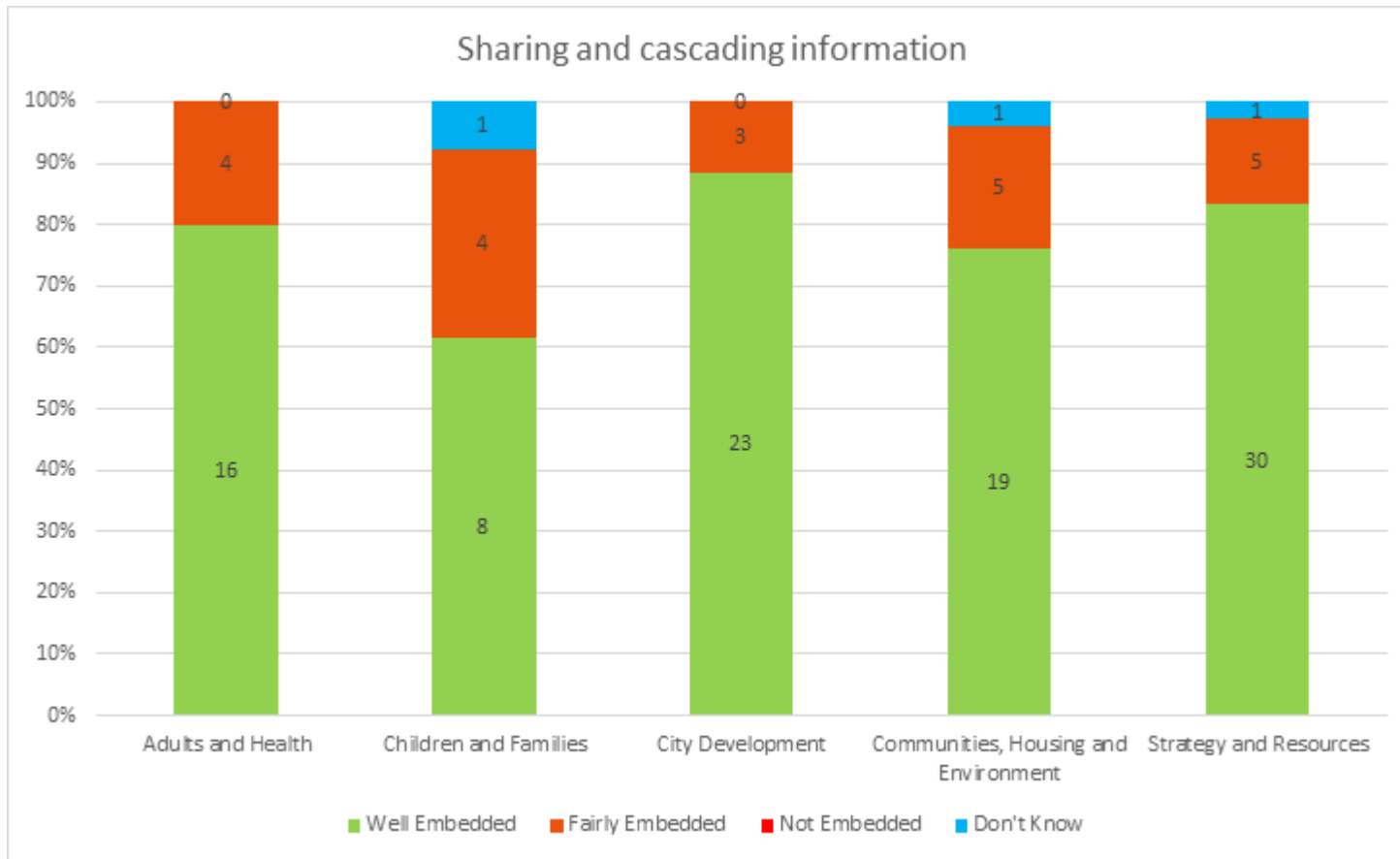
85. The response in relation to our approach for managing conflict, conduct and how well embed our values and behaviours are, was also positive with over 90% responding either well or fairly well embedded as detailed in graph 2.

Graph 2- Responses to the survey in relation to managing conflict, conduct and embedding values and behaviours.



86. Positive feedback received through the survey demonstrates that the sharing and cascading of information is working well, though due to the diversity of services the organisation delivers, this is always an area we strive to keep improving. Graph 3 shows breakdown of the responses within each directorate, which shows the large majority think is either, well embedded/fairly well embedded.

Graph 3 – Sharing and cascading information.



87. Though we have received positive feedback for the management of staff, it is recognised that this is an area that requires continuous improvement and investment in our managers, which is supported by the Be Your Best Leadership and Management Programme.

Benchmarking opportunities

88. The Chief HR Officer and the Deputy Chief Officer HR are part of wider employment networks for benchmarking, sharing best practice and opportunities to improve employment policy. These include the core city networks, the Leeds Anchors network and the Local Government Association (LGA) as well as HR specific links to the professional body, Chartered institute of Personnel and Development (CIPD) and the sector network Public Services People Management Association (PPMA).

89. The Yorkshire and Humber Regional Employers Association (YHEA) meets regularly and has a network of Elected Members from the region linked into this too. When renewing and refreshing policies this group is regularly contacted.

Independent Review

90. Internal Audit have a timetable of HR policies and procedures that they regularly review. In 2023, a review linked to the mileage policy was carried out, action progressed to remind staff of the policy and arrangement when claiming mileage.

Statement of Assurance

91. This is the annual report to the committee concerning the Council’s employment policies and employee conduct. From the review, assessment and on-going monitoring carried out, the Chief HR Officer has reached the opinion that, employee conduct is properly managed, policies are regularly reviewed and employee conduct forms part of normal manager/ employee relations.

92. The Chief HR Officer has identified the following opportunities for enhancement

Opportunities for improvement

Define and Document	<ul style="list-style-type: none"> • The Chief HR Officer will continue to ensure that the employment policies and procedures are robust and fit for purpose. • Work will continue across the authority to achieve our People Strategy 2020-2025, which will be reviewed during 2024. • Develop support to ensure managers can manage workload with confidence. • Progress policy reviews in line with legislative changes and review schedule.
----------------------------	---

Clearly Communicate	<ul style="list-style-type: none"> • Ongoing communications regularly to managers updating on key pieces of policy and relevant information will continue in 2024 to ensure they are fully informed and kept up to date with any changes.
Effectively Embed	<ul style="list-style-type: none"> • Develop early resolution process to support effective role out of findings from the GPR pilot • Training on the EDI agenda will continue including the completion of step 5 to ensure inclusive practices are fully embedded across the organisation • Maintain promotion and delivery of Be Your Best leadership programme. • Develop specific toolkit for performance management ensuring all related materials are easily accessible in one place, making connections through the focus of me, we and us. • Health Safety and wellbeing framework to be embedded, alongside the delivery of a BYB Health and Safety Module, risk assessor training and implementation of the violence and aggression toolkit, and the Mental health toolkit.
Meaningfully Monitor	<ul style="list-style-type: none"> • Regular reporting to the Elected Member leadership will continue through the usual scrutiny boards and other committees, to ensure democratic oversight is maintained.
Review and Refine	<ul style="list-style-type: none"> • No further changes are proposed at this time. • On going development of the replacement Core HR and Payroll system throughout 2024.

Approval of the 2021/22 Statement of Accounts and Grant Thornton Audit Report

Date: 18th March 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

- Grant Thornton's audit of the 2021/22 accounts is nearing completion, and the final report of their findings is attached. The main points are that :
 - Subject to completion of their remaining audit work, Grant Thornton anticipate being able to issue an unqualified opinion on the 2021/22 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 will be published with this report. The accounts will be certified by the Chief Finance Officer as a true and fair view of the Council's financial position as at 31st March 2022 prior to the Chair of the Committee being asked to approve them.
- The council has achieved the first audit backstop date of completing the 2021/22 audit by the 31st March 2024 deadline, thus allowing work to commence on the 2022/23 audit.

Recommendations

- a) Members are asked to receive the audit report of the Council's external auditors on the 2021/22 accounts and to note that there are expected to be no unadjusted audit differences to the accounts.
- b) Members are asked to consider the updated 2021/22 Statement of Accounts, and to approve these as the Council's final audited accounts for the year. The Committee is further asked to authorise the Chair 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.
- c) 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.

- d) Members are asked to note the progress made in achieving the first of the audit backstop dates of 31st March, and the continued work in place to achieve the second audit backstop date for the 2022/23 audit.

What is this report about?

- 1 At its meeting in July 2022, the Committee considered the unaudited 2021/22 Statement of Accounts, and they were subsequently made available for public inspection. Under this Committee's terms of reference, members are required to approve the Council's final audited Statement of Accounts and to consider any material amendments identified by the Council or recommended by the auditors.
- 2 The main audit of the 2021/22 accounts commenced in early 2023, following the conclusion of the audit of the 2020/21 accounts. Grant Thornton's most recent interim audit report on the 2021/22 audit was presented to the committee in November 2023, at which point they estimated that the audit work was around 80% complete.
- 3 Grant Thornton's final audit report on the 2021/22 accounts is attached as Appendix 2 to this report.
- 4 Following the conclusion of the audit of the statement of accounts, Grant Thornton are required to audit the Council's WGA (Whole of Government Accounts) return. Once the WGA audit has been carried out, the overall 2021/22 audit will be closed.
- 5 At its meeting in February 2024, the Committee were presented with an audit progress report from Grant Thornton. This report included an update on the implications for the Council of the proposed 'Backstop' arrangements for completing outstanding audits, up to and including 2022/23. The council has now achieved the first of these backstop dates for 31st March, which will also allow it to continue making progress towards achieving the second backstop date in regard to the 2022/23 audit ie 30th September 2024.

What impact will this proposal have?

6 Post Balance Sheet Events and other significant amendments

- 6.1 Under proper accounting practice the Council is required to consider any post balance sheet events which, if known at the time of the accounts being produced, would have significantly altered the Council's financial statements. If any such events have happened then the Council is required to amend the accounts if the cumulative value of the events would have a material impact on the Council's financial statements. Such events must be considered up until this Committee approves the final accounts and the auditors provide their audit opinion.
- 6.2 As the draft accounts for 2021/22 were issued whilst the 2020/21 audit was ongoing, the prior year comparators included in the 2021/22 draft accounts were also draft in status. The prior year comparators in the final version of the 2021/22 accounts now reflect changes in the valuation basis of entertainment venues within property, plant and equipment assets which were made in the final audited 2020/21 accounts. These changes to asset values at 31st March 2021 have also affected the 2021/22 charges for depreciation, revaluations and impairment, and the closing asset values as at 31st March 2022. The overall impact of these changes was an increase in non-spendable reserves of £11.3m at 31st March 2022 in comparison to the draft 2021/22 accounts.
- 6.3 A number of other changes in respect of property, plant and equipment have been made in the final 2021/22 accounts :
 - i. Two property valuations which were not completed at the date the draft accounts were issued have been incorporated. These have increased the value of property, plant and equipment on the balance sheet by £11.7m.

- ii. Six schools with a total value of £98.9m which had transferred to academy status have now been accounted for as disposals.
 - iii. Corrections have been identified to a small number of asset valuations totalling a reduction of £17.2m, and clerical errors in inputting valuations resulting in an overstatement of £5.9m have also been corrected.
- 6.4 The overall impact of the property valuation changes described in 5.2 and 5.3 above has been to decrease the Council's non-spendable reserves at 31st March 2022 by £99m.
- 6.5 At the date of issue of the draft 2021/22 accounts, the results of the 31st March 2022 triennial actuarial review of the West Yorkshire Pension Fund (WYPF) were not yet available. Once the triennial review had been published, the Council commissioned an updated IAS19 pensions report for 2021/22 from WYPF's actuaries, and the final accounts reflect this position. The final net pensions liability also includes updated valuations for some of WYPF's assets, which had been valued on an estimated basis at the date that the Council's draft accounts were issued. The overall impact of these two updates was a reduction of £64.1m in the net pensions liability, and a corresponding increase in non-spendable reserves.
- 6.6 One change has been identified in relation to spendable reserves. The Council's DSG (Dedicated Schools Grant) position at the close of 2020/21 had been a £2m deficit, however the position by 31st March 2022 had returned to a net surplus of £0.1m and this had been included within earmarked reserves in the draft accounts. However as a result of statutory regulations which apply for a limited number of years, the position should have been reflected in the 2021/22 accounts as an unspendable negative reserve of £2.0m and a spendable reserve within earmarked reserves of £2.1m.
- 6.7 As outlined in paragraph 5.1 above, any post balance sheet events must be considered up until the accounts are approved. A verbal update will be provided at Committee to confirm the final position.

7 Public Inspection Queries, Questions to the Auditors and Objections

- 7.1 Under the statutory timescales for public inspection of the accounts, no formal objections or requests for additional information were received for the 2021/22 accounts.

8 Key External Audit findings

- 8.1 Grant Thornton provided an interim report on the bulk of their audit work on the 2021/22 accounts to this Committee at its meeting in November 2023. Their final ISA260 report for 2021/22 which is attached at Appendix 2 provides an update on their completed audit work.
- 8.2 Grant Thornton's report indicates that, subject to the satisfactory completion of their audit work, they anticipate being able to issue an unqualified audit opinion on the council's accounts.
- 8.3 Grant Thornton's final report includes a number recommendations, of which two were previously reported to the Committee in November 2023.
- 8.4 Conclusion of the 2021/22 audit means the Council has now achieved the first of the backstop dates proposed by Grant Thornton in its report to committee in February 2024. Achievement of this backstop date now means the audit of the 2022/23 accounts can now commence in April 2024. The Council continues to make good progress in preparation for this audit and expects to upload all requested working papers to Grant Thornton's Inflo system by the end of March 2024.

9 Management Representation letter

- 9.1 Local authority auditors are required by the Code of Audit Practice to undertake the audit work on the accounts in compliance with International Standards on Auditing (ISAs). ISAs contain a mixture of mandatory procedures and explanatory guidance. Within the mandatory

procedures are requirements to obtain written representations from management on certain matters material to the audit opinion. The management representation letter is designed to give Grant Thornton these assurances. In respect of the 2021/22 accounts the proposed letter is attached as Appendix 1 to this report. The letter is being reviewed by officers and confirmation will be provided at the meeting of the Committee on whether the Chief Finance Officer has requested any amendments before signing the letter to confirm that officers are not aware of any compliance issues on the representation matters raised in the letter.

- 9.2 The Committee is asked to consider whether members are aware of any issues that they want to bring to the auditors' attention in respect of the matters addressed in the management representation letter. If there are no such issues the Committee is asked to agree that the Chair can sign the letter on behalf of the Committee.

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

Health and Wellbeing Inclusive Growth Zero Carbon

- 10 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: N/A

Have ward members been consulted? Yes No

- 11 The final Statement of Accounts and the Audit Report do not raise any issues requiring consultation or engagement with the public, ward members or Councillors

What are the resource implications?

- 12 Under the audit reporting arrangements for 2021/22 set out by the National Audit Office, the outcome of value for money audit work is to be reported separately from the audit of the statement of accounts. Grant Thornton reported the outcome of their value for money audit for 2021/22 to the March 2023 meeting of the Committee.

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

- 13 Grant Thornton's audit report sets out the key risks that they identified in advance of their audit, and their findings in respect of these risks.

What are the legal implications?

- 14 The amended Accounts and Audit Regulations 2015 which are currently in force require the audited Statement of Accounts together with the final audit report to be published before the 30th November or, if this is not possible, as soon as practicable after receipt of the final auditor's report on the statement of accounts. However the Government is currently consulting on changes which would introduce a 'backstop date' of 30th September 2024 for all outstanding local authority audits up to and including the 2022/23 year.
- 15 Under this Committee's terms of reference, members are required to approve the Council's final audited Statement of Accounts and to consider any material amendments recommended by the auditors.

Options, timescales and measuring success

What other options were considered?

16 This report informs the Committee of the findings from Grant Thornton's audit for 2021/22.

How will success be measured?

17 Once the audit opinion has been received, the final audited accounts and the accompanying audit report will be published on the Council's website in accordance with the Regulations.

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

18 The documents will be published as soon as is practical following receipt of the audit opinion.

Appendices

- Appendix 1 is the draft Management Representation letter to Grant Thornton, and Appendix 2 is Grant Thornton's updated Audit Findings Report.

Background papers

- None

This page is intentionally left blank

Grant Thornton UK LLP
No 1 Whitehall Riverside
Leeds LS1 4BN

Victoria Bradshaw
Chief Finance Officer
Selectapost 3
Civic Hall
Leeds
LS1 1JF

Contact: Victoria Bradshaw
Tel: 0113 3788540
Email: Victoria.bradshaw@leeds.gov.uk

18th March 2024

Dear Sirs,

This representation letter is provided in connection with the audit of the financial statements of Leeds City Council for the year ended 31st March 2022 for the purpose of expressing an opinion as to whether the Council's financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of land and buildings and the net pension fund liability. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities include identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the Council has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Council's financial statements have been amended for these misstatements and for all material misclassification and disclosure changes and are free of material misstatements, including omissions.
- xi. We have noted that the unadjusted misstatements schedule included in your Audit Findings Report to date does not identify any unadjusted misstatements for consideration. We will consider any further misstatements that you bring to our attention and we will ensure that the financial statements are free of material misstatements, including omissions.
- xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv. We have updated our going concern assessment. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :
 - a. the nature of the Council means that, notwithstanding any intention to cease the Council operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
 - b. the financial reporting framework permits the entity to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the Council's system of internal control has not identified any events or conditions relevant to going concern.
 - d. We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements.
- xv. We have considered whether accounting transactions have complied with the requirements of the Local Government and Housing Act 1989 in respect of the Housing Revenue Account ringfence.
- xvi. The Council has complied with all aspects of ringfenced grants that could have a material effect on the Council's financial statements in the event of non-compliance.

Information Provided

- xvii. We have provided you with:
- a. access to all information of which we are aware that is relevant to the preparation of the Council financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Council via remote arrangements, from whom you determined it necessary to obtain audit evidence.
- xviii. We have communicated to you all deficiencies in internal control of which management is aware.
- xix. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xx. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xxi. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
- a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xxii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxiii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxiv. We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.
- xxv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxvi. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxvii. The disclosures within the Narrative Report, which is titled the Narrative Foreword, fairly reflect our understanding of the Council's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Corporate Governance and Audit Committee at its meeting on 18th March 2024.

Yours faithfully,

Chief Finance Officer

Chair, Corporate Governance and Audit Committee

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

Date: 18th March 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 proposed 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 CIPFA Audit Committee – Practical Guidance for Local Authorities and Police 2022.

Recommendations

Members are requested to

- a) consider and approve the work programme and meeting dates at Appendix A, and
- b) endorse the Member proposed development plan at Appendix B

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 is presented to the Committee for approval and will be presented at each meeting for the committee to consider and amend as appropriate.
- 7 It is also proposed that from 2024-25 the Member Development Plan will also 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 – Draft 2024-25 Work Programme
- Appendix B – Draft 2024-25 Members Development Plan.

Background papers

16 None

This page is intentionally left blank

	Work Item	Author	Attendee	Category
24th June 2024				
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
29th July 2024–				
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	Interim Annual Governance Statement (for information)	Kate Sadler	Kate Sadler	Statutory
4	Annual assurance report on decision making	Liz Gott	Liz Gott	Annual Assurance
5	Governance arrangements to support Core Business Transformation	Suzanne Hopes		Ad hoc Assurance

	Work Item	Author	Attendee	Category
30th September 2024				
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	Approval of Annual Governance Statement 2023	Kate Sadler	Kate Sadler	Statutory
6	Receipt and approval of Audited Accounts and External Auditors Audit Report for 2022 - 23	Mary Hasnip	Mary Hasnip Grant Thornton	Statutory
25th November 2024				
1	Receipt of External Auditor's Annual Report setting out findings of 2023-24 Value for Money Review	Mary Hasnip	Grant Thornton	External Audit
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

	Work Item	Author	Attendee	Category
5	Annual assurance report on corporate risk and resilience arrangements	Tim Rollett	Tim Rollett	Annual Assurance
3rd February 2025				
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 Information and Digital Services Governance	Andrew Byrom	Leonardo Tantari	Annual Assurance
4	Receipt and approval of Audited Accounts and External Auditors Audit Report for 2023-24.			External Audit
24th March 2025				
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	Andy Dodman	Annual Assurance
3	Proposed Work Programme	Kate Sadler	Kate Sadler	Effectiveness

This page is intentionally left blank

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.

Page 89

Part A – Core knowledge						
Core areas	Details of core knowledge required	Content	Lead officer	Delivery method	Approx date of delivery	Update required
Organisational knowledge	<ul style="list-style-type: none"> An overview of the governance structures of the authority and decision-making processes 	<ul style="list-style-type: none"> Introduction to Exercising the Democratic mandate (description of Council structures) Members guide to decision making. 	Kate Sadler	Written material.	Early June 2024 (after Full Council meeting May 2024)	All Members
	<ul style="list-style-type: none"> Knowledge of the organisational objectives and major functions of the authority 	<ul style="list-style-type: none"> Best Council Ambition 				
Audit Committee Role and Functions	<ul style="list-style-type: none"> An understanding of the audit committee’s role and place within the governance structures. Familiarity with the committee’s terms of reference and accountability arrangements Knowledge of the purpose and role of the audit committee 	Introductory workshop: An effective audit committee (CIPFA Guidance) <ul style="list-style-type: none"> purpose functions resources independence skills 	Kate Sadler	Remote meeting	To be scheduled early June 2024 after Full Council meeting May 24.	All Members

Part A – Core knowledge

Core areas	Details of core knowledge required	Content	Lead officer	Delivery method	Approx date of delivery	Update required
Governance	<ul style="list-style-type: none"> Knowledge of the seven principles of the CIPFA/Solace Framework 2016 Knowledge of the requirements of the AGS How the principles of governance are implemented locally as set out in the local code of governance. 	AGS & covering report	Kate Sadler	Written material & Committee discussion.	Interim AGS scheduled for July 2024 meeting	All Members
Values of Good Governance	<ul style="list-style-type: none"> Knowledge of the Seven Principles of Public Life. 	New Members Induction – Member’s Code of Conduct	Part of New Member Induction	New Member’s Induction	May / June 2024	All New Members
	<ul style="list-style-type: none"> Knowledge of the authority’s key arrangements to uphold ethical standard for both Members and staff. (e.g.: Code of Conduct) 	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 <i>March.</i>	All Members
	<ul style="list-style-type: none"> Knowledge of the whistleblowing arrangements in the authority. 	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	
Internal Audit	<ul style="list-style-type: none"> An awareness of the key principles of the PSIAS and the LGAN 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. Details of the most recent external assessment and level of conformance with the standards. 	<ul style="list-style-type: none"> Regular Internal Audit update reports 	Angela Laycock	Written material & Committee discussion	Scheduled for June, September 2024 & February 2025	All members
	<ul style="list-style-type: none"> Internal audit’s strategy plan and most recent audit opinion. 	<ul style="list-style-type: none"> Annual Audit Opinion. 	Jonathan Foster.	Written material & Committee discussion.	Scheduled for July 2024 Committee.	All Members
External Audit	<ul style="list-style-type: none"> Knowledge of the role and functions of the external auditor and who currently undertakes this role. 	External Audit Workshop	TBC	Remote meeting	TBC	New Members to committee

Part A – Core knowledge

Core areas	Details of core knowledge required	Content	Lead officer	Delivery method	Approx date of delivery	Update required
	<ul style="list-style-type: none"> Knowledge of the key reports and assurances that external audit will provide. Familiarity with the auditor’s most recent plan and the opinion reports. Knowledge about arrangements for the appointment of auditors and quality monitoring undertaken. 	<ul style="list-style-type: none"> Regular update briefings Annual Report Contribution to committee meetings. 		Written material & Committee discussion.	Scheduled for June, September 2024 & February 2025 meetings	All Members
Financial Management and Accounting	<ul style="list-style-type: none"> Awareness of the financial statements that a local authority must produce and the principles it must follow to produce them. 	New Members Induction.	New Members Induction	Remote meeting	May / June 2024	All Members
		Accounts Briefing	Mary Hasnip	Remote meeting	Prior to the approval of the accounts	All Members
	<ul style="list-style-type: none"> Understanding of good financial management practice as set out in the CIPFA FM Code and level of compliance with it. 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) An overview of the principal financial risks the authority faces. 	Annual assurance report on arrangements for financial management and planning	Richard Ellis	Written material & Committee discussion	Scheduled for November 2024 meeting	All Members
Counter fraud	<ul style="list-style-type: none"> An understanding of the main areas of fraud and corruption risk to which the organisation is exposed. 	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

Part A – Core knowledge

Core areas	Details of core knowledge required	Content	Lead officer	Delivery method	Approx date of delivery	Update required
	<ul style="list-style-type: none"> • 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) • Knowledge of the organisation’s arrangements for tackling fraud. 	Fraud and Corruption Workshop	Julia Brannon / Jonathan Foster	Remote meeting	TBC	All Members
Risk Management	<ul style="list-style-type: none"> • Understanding of the principles of risk management, including how it supports good governance and decision making. • Knowledge of the risk management policy and strategy of the organisation • Understanding of risk governance arrangements, including the role of members and of the audit committee. • Knowledge of the current risk maturity of the organisation and any key areas of improvement. 	Risk and Resilience Assurance reports	Tim Rollett / Leanne Cummings	Written material & Committee discussion	Scheduled for November 2024 meeting	All Members
		Risk management workshop	Tim Rollett / Chris Shillito	Remote meeting	To be delivered early November 2024	All Members
Treasury Management	<ul style="list-style-type: none"> • 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"> ○ regulatory requirements ○ treasury risks ○ the organisation’s treasury management strategy ○ the organisation’s policies and procedures in relation to treasury management 	Annual assurance report on arrangements for financial management and planning	Richard Ellis	Written material & Committee discussion	Scheduled for November 2024 meeting	All Members

Part B – Supporting Development				
Area of development	Details of development offered	Content	Lead officer	Delivery method
Information Management and Governance	<ul style="list-style-type: none"> Mandatory IMG training 	IG related legislation, local policies, and information security	Aaron Linden	E-learning (PAL)
	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Cycle of Internal Control 	Quick guide to Cycle of Internal Control	Kate Sadler	Written material & Committee discussion

This page is intentionally left blank