

## Corporate Governance and Audit Committee

Monday, 25th November, 2024

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

**INDEPENDENT  
MEMBER:** L Wild

### 47 Appeals Against Refusal of Inspection of Documents

There were no appeals against refusal of inspection of documents.

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

There were no exempt items.

### 49 Late Items

There were no formal late items. However, there had been supplementary information published and circulated in relation to:

- Grant Thornton Accounts 2022-23
- Item 8 - Grant Thornton Annual Report 2023/24
- Item 10 - Annual Assurance report on Financial and Treasury Management
- Item 13 - Counter Fraud Update Report April – September 2024

### 50 Declaration of Interests

No declarations of interests were made at the meeting.

### 51 Apologies for Absence

Apologies were received on behalf of Cllr Robinson. Cllr B Anderson attended the meeting as his substitute.

### 52 Minutes of the Previous Meeting 23rd September 2024

**RESOLVED** – That the minutes of the previous meeting held on 23<sup>rd</sup> September 2024, be approved as a correct record.

### 53 Matters Arising From The Minutes

Members were informed that in relation to:

- Minute 37 - Annual Assurance Report on Procurement Policies and Practices
- Minute 38 - Annual Assurance Reporting on Planning Regulation and Enforcement Arrangements
- Minute 39 - Internal Audit Update Report

Draft minutes to be approved at the meeting  
to be held on Monday, 24th February, 2025

It was noted that all matters had been dealt with and Members had received responses.

The Head of Finance – informed the Committee that supplementary information on relation to the 2022-23 accounts had been circulated to Members. The final audit had been concluded in early October 2024. Grant Thornton had issued their final report of the audit and the certificate of completion. Grant Thornton had requested that these be circulated to the Committee for public record. It was noted there had been no substantive amendments.

#### **54 Annual Assurance Report on Corporate Risk and Resilience Arrangements**

At the request of officers and with the agreement of the Chair the agenda order was changed.

The Interim Assistant Chief Executive, People, Digital and Change presented the annual assurance report on corporate risk and resilience.

The Intelligence and Policy Manager presented the corporate risk element of the report providing Members with the following information:

- The arrangements risk management documented in the report were broadly the same as in previous years.
- Corporate and directorate risks are reviewed, updated and reported 4 times a year and these go through the Directorate Management Teams then on to Corporate Leadership Team for further review and discussion.
- The team still proactively engage with a range of stakeholders across the Council delivering risk training and risk workshops.
- Arrangements have been enhanced and details of this had been set out in the submitted report. Executive Board Members now receive a copy of the Corporate Risk Register after it has been reviewed and signed off by Corporate Leadership Team. This is in addition to the annual report provided to Executive Board in the Summer.
- A series of virtual ‘Let’s Talk’ management training sessions had been held, which had proved popular with staff, as it was both interactive and informative without being overly bureaucratic. These will continue to be delivered in 2025.
- ‘Deep Dive’ reviews had been undertaken on some of the corporate risks to ensure that they are still up to date and the people responsible for managing them engage with the controls used to manage those risks.
- Over the last year the Intelligence and Policy Manager has been the Deputy Chair of West Yorkshire Prepared Risk and Capabilities Sub-Group. This allowed opportunities for him to get involved at a higher level in Yorkshire and Humber regional and national risk working groups to look at resilience type risks facing the area.
- The report provided some next steps which have been prioritised by the service for next year. However, in addition to those, with the start of the new Chief Executive in January, they will be meeting with him to

ensure he knows of the risks facing the Council and the City, but to also gain his view on what he thinks the risks are and his priorities for the management of the risks.

The Resilience & Emergencies Team Manager presented the Emergency Planning and Business Continuity Management section of the report and highlighted the following points:

- The service continues to operate without many amendments to the working practices and levels of engagement remain positive both within the Council at directorate management level and at the Local Resilience Forum at all the sub-group training and exercises that take place.
- The communication methods under the Duty of Civil Contingencies Act remain the same. At point 29 of the report information of subscribers and followers had been included.
- It had been a busy year with all the training and exercises at the Local Resilience Forum which had focused on heatwave and other associated risks such as water safety and wildfires.
- The service had continued to offer Member training sessions and in May had offered training to the newly elected Members, with further sessions planned for the new year.
- The service had retained the Golden Paw Print Award for the provision of companion animals at rest centres. More details of how the assessment and exercises to meet the criteria for this were presented at point 36 of the report.
- Last year the Committee had been advised that an internal audit had been finalised on the business continuity management process. The service had also undertaken an internal review for the robustness of the plans and the submitted report provided the Committee with the details of that internal review. Highlighting that all services were requested to identify the critical functions of the service and then a risk assessment was undertaken of that function against all possible risks. Services had been positive to this new approach and the business continuity plans now contain more mitigating measures and therefore, are more robust.
- The service has an agreement to have regular meetings with Integrated Digital Service (IDS), due to commence in December. These meetings will ensure that IDS are aware of all the interdependencies identified with ICT. Going forward the service are looking to create a database with all the critical and priority functions to assist IDS.
- Point 56 highlighted the work undertaken and that still to be undertaken.

Cllr Chesterfield provided positive feedback on the training that he had received as a newly elected Member.

Cllr Anderson raised an issue in relation to a query on printers being out of action the previous week it was noted that this will be raised with IDS colleagues and Information and Governance Management will be looking at this and responses will be fed back to Members.

Positive feedback was received in relation to the risk trends presented in the report.

Officers provided clarification and information in relation to High Impact, Low Likelihood risks and the plans in place to respond.

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

## 55 **Annual Report on Financial Planning and Management Arrangements**

The report of the Interim Assistant Chief Executive Finance, Traded and Resources set out the standing arrangements for Financial Management and Treasury Management and provided evidence of compliance over the reporting period November 2023 to October 2024.

The Deputy Chief Officer Financial Services presented the report and highlighted the following points:

- This report fulfilled the requirement in the Chief Officer Protocol which is Section 5k of the Council's Constitution for the Chief Officer Financial Services to report to the Committee annually to confirm the arrangements as set out in the protocol and to be complied with and for any proposed amendments to those arrangements. It was noted that the Chief Officer Financial Services, Section 151 Officer responsibilities have been subsumed into the Acting Interim Assistant Chief Executive Finance, Traded and Resources.
- The report follows the internal control format. It was noted that sections of the report were consistent with what was reported in previous years.
- The key changes from previous reports were:
  - The finance function will need to make savings in 2025-26 and this will be captured by facilitating the efficiencies from the implementation of the new Financial Ledger in 2025 and benefits from activities of the reshaping of Council.
  - References to Member oversight and a new addition of the role of Deputy of Leader of Council in terms reviewing the processes in place with regard to Children's Social Care and Adult Social Care in progress being made on the delivery of budget action plans and transformational work.
  - The report also provided an update on the Value for Money recommendations, which were to be discussed at a later item in the meeting. However, it does reference a robust approach to the budget, effectiveness of the process for political scrutiny and adequate arrangements for the Medium-Term Financial Strategy and effective arrangements for the delivery of savings.
  - It was noted that there was a good understanding of financial regulations amongst staff, the budget setting process and where staff can obtain advice on financial issues.
- Opportunities for improvement recognised training would be provided and rolled out amongst officers on key processes which will be rolled

out along with the new Microsoft Dynamics, which is the new financial ledger.

- It was noted that there is compliance with IR35 with regard to agency staff and the robust arrangements in place as to whether they are on payroll or off payroll.

There were no questions from the Committee.

**RESOLVED** – To note the Chief Officer assurances that:

a. In respect of both Financial Management and Treasury Management that appropriate systems and procedures are in place to ensure that there is sound financial management and control across the Authority; and

b. The arrangements set out in the Chief Finance Officer protocol have been complied with.

## **56 Grant Thornton - Receipt of External Auditors I.T. Report 2023/24**

The report of the Chief Finance Officer presented Grant Thornton's IT Audit Report for the 2023-24 financial year. The report was attached as Appendix 1.

The team from Grant Thornton's highlighted the following points from their report:

- Auditors had looked at 4 main systems SAP, FMS, CAPITA and CIVICA.
- Auditors had looked at security management, including password controls, privileged access and administration access. They had also looked at change management, which included how changes were made, how requested, how authorised and how approved.
- The final part investigated was batch interfaces, including access, who can change them and how changes were made.
- It was noted in 2025-26 there are to be some system changes which are the SAP system moving to a system called iTrent, which other councils use, and it was found to be quite robust. There would also be a change to the FMS, which will change over to Microsoft Dynamics this system is also becoming more widely used across other councils. There has been liaison between the auditors and the councils project team for the system changes and the external auditors will do due diligence once both systems are up and running.
- The report for 2023-24 had raised no significant deficiencies. However, there had been one issue raised in relation to SAP, about access through the network. It was noted that this issue had been addressed. For FMS and CAPITA there were issues raised in relation to the database and access to the database. Prior year findings had all been remediated, however some controls could not be assessed as they were older systems and did not have the ability that the external audit team would look at for more modern systems. The external audit team had recommended a couple of process improvements, which included:
  - FMS – formal batch management approval system process.

- Cyber Security controls, it was noted that a Head of Cyber Security had been appointed in 2024-25.

Members discussions included:

- In relation to system administrator and database maintenance roles, the need for tighter controls and restrictions on passwords, no sharing of passwords to access systems and the ability to identify who has made and authorised any changes.
- The need for the report to evidence log of activities to ensure that extra assurance is given to the Committee.
- Recognition that some of the systems were to change and that would address any issues in relation to passwords.

In relation to the setting up of system administrator and similar accounts, in the absence of a representative from IDS at the meeting, they will be presented to IDS colleagues for consideration and a response will be provided to Members accordingly.

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

**57 Grant Thornton - Receipt of External Auditors Annual Report including 2023/24 Value For Money**

The Interim Assistant Chief Executive, Finance, Traded and Resources presented the Grant Thornton Interim Auditor's Annual Report on Leeds City Council for 2023-24.

The Grant Thornton team highlighted the following points from the report:

- This report investigated the value for money arrangements. It is the interim report as they are continuing the accounts audit.
- The auditors assess against 3 criteria which are financial sustainability, governance and improving economy, efficiency, and effectiveness.
- It was acknowledged that the Council is facing financial challenges along with the whole of the local government sector. They had found two significant weaknesses, these were down to the financial pressures that the Council is facing and the potential impact they may have on delivering services. The auditors were aware that the Council was taking actions to mitigate impact on services and arrangements are in place and that it is being taken seriously. However, their concerns were in the effectiveness of those actions and arrangements. It was noted that the Council had put arrangements in place since March 2024, but this audit was reporting on what had been in place prior to that date.
- It was noted that the Council did have an increasing budget gap going forward and there are some significant overspending areas in social care. This was being highlighted as a weakness as it would be a challenge to set an effective budget for 2026-27.
- In relation to governance, concerns were raised on the impact of rising demand on services and how the Council is reporting on that and the actions to address any issues.

- In relation to improving economy, efficiency and effectiveness, improvement recommendations had been made and details of those are provided in the report.
- It was noted that the external auditors do have statutory powers, but at this point they were not proposing to use them.
- It was acknowledged that Management had responded to the recommendations made by the auditors by providing answers to questions posed, along with briefing Members and involving group leaders.

Responding to a question the Committee were informed that pressures were being seen at other Councils, but Leeds were taking actions to address the financial pressures. However, it was the speed and pace of those actions that will assist improvement. Another area highlighted was the use of Reserves, as when used it was difficult to rebuild them. However, there were no immediate concerns in relation to the sufficiency of the level of reserves, but the Council had to take effective action.

The Interim Chief Executive, Finance, Traded and Resources informed the Committee that a lot of work had been done with Grant Thornton and recognised the issues raised by Grant Thornton. However, The Council's Medium-Term Financial Strategy was in place and was over 5 years allowing the Council to know what it needs to focus on and what is required. It was recognised that there are pressures in Children and Families Directorate and Adult Social Care coming through and this had been built into the Medium-Term Financial Strategy for 2025-26 to reflect the demand in services and the price increases. The Council had looked at areas where control could be taken and looked at provision within the city and how that provision can be delivered to meet the needs of the people. The Council is currently focussing on bring provision back into the city for Children's care and there had been a lot of work around reunification, foster carers and kinship care. However, it was acknowledged that there was a need for provision in relation to small group living and this work would not happen quickly. This was the reason why there were overspends in services as the work had taken longer than the Council would have wanted, but it was dealing with the most vulnerable in society.

The Council had built in specific reserves around the strategic contingency reserve and the social care reserve to allow time and these were planned reserves to use for a specific purpose. It was acknowledged that the position was worrying, and this was not just for Leeds but nationally. However, Leeds was doing all that they can to manage and control the situation and could give assurance around the use of reserves. It was recognised that the Council was heading towards a hard year, but Team Leeds was onboard to address savings and manage the budget.

The Committee recognised the financial pressures on the Council and the demand for care provision, not only for the Council but across the country. There were concerns and there was a need to keep focussed.

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

## **58 Annual Assurance Report on Corporate Performance Management Arrangements**

The report of the Interim Assistant Chief Executive, People, Digital and Change presented the Annual Assurance Report on Corporate Performance Management Arrangements.

The Senior Intelligence and Policy Officer presented the report to the Committee highlighting the following points:

- The Executive Board, Corporate Leadership Team and relevant Scrutiny Boards are provided with information on performance.
- Members attention was drawn to point 9 of the report which provided information on the update of the Best City Ambition earlier in the year. The update was to provide clearer articulation of how progress is measured. Therefore, a new Best City Ambition Scorecard had been introduced. The Scorecard will initially focus on issues to tackling poverty and inequality in Leeds. It will be presented to Executive Board in July as part of the Annual Performance Report.
- More details of how the monitoring framework fits into the wider city-wide monitoring framework under the Best City Ambition were highlighted at point 13 of the submitted report.
- At point 19 it was referenced that measures introduced by the Office of Local Government and how the key performances indicators are being incorporated into the Council’s reporting processes. This will continue to be monitored and the direction that the Office of Local Government are now taking with the new Government.
- Roles and responsibilities and democratic oversight were covered in the report at points 23 to 27. It was noted that these remain unchanged.
- At point 30 of the report there was mention of a recommendation by the external auditors to consider sharing performance more regularly with the Executive Board. It was noted that this was currently under consideration for how best and frequently to share further performance details. Currently Executive Board receive an annual report, and reports are presented to Scrutiny Boards twice a year. However, this recommendation was more about Executive Board Members having access to up to date in year performance.
- Point 54 of the report provided details of ongoing work on targets and tolerances, and it was hoped that this will be ready to report for 2025-26.

The Committee welcomed the work on the Scorecard, recognising that it was early days but that it was good step forward in measuring the success of the Best City Ambition.



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

## **59 Counter Fraud Update Report April - September 2024**

The Senior Head of Audit, Corporate Governance and Insurance presented the Counter Fraud Update Report April -September 2024.

The Senior Head of Audit, Corporate Governance and Insurance presented the Counter Fraud Update Report April -September 2024.

The Committee were provided with the following information:

- There had been 14 referrals in the period April – September which is a downward trend compared to previous years. Reasons for this had been explained at 2.3 of the submitted report.
- During the reporting period 12 of the referrals had been closed down and were summarised in the table at 2.5.
- The report provided details of the proactive activity including the work that was ongoing for the National Fraud Initiative.
- Awareness raising was detailed and highlighted World Whistleblower Day in June, where the team had taken the opportunity to promote the policy framework. International Fraud Awareness week had taken place recently and communication in relation to this issue had been sent out across the Council to raise awareness of the appropriate channels to raise concerns.
- The Whistleblowing Protocol had been updated in the reporting period.
- The submitted report also provided the survey of internal control action plan showing where progress and actions had been taken.
- The next report is due to come to Committee in June 2025.

There were no questions or comments from the Committee.

**RESOLVED** – To receive the Counter Fraud Update Report covering the period from April – September 2024 and to note the work undertaken by Internal Audit and other service areas during the period covered by the report.

## **60 Corporate Governance and Audit Committee Work Programme and Member Development Plan**

The Corporate Governance Manager presented the report on the Corporate Governance and Audit Committee Work Programme and Members Development Plan 2024-25.

Members were informed of the following:

- The Committee's meeting date has been moved from 3rd February to 24<sup>th</sup> February.
- The Risk Management Workshop had been delivered on the 13<sup>th</sup> November.

- In line with CIPFA Guidance 2022 for Audit Committees. It was noted that within the Guidance were a couple of the appendices for self-assessment against best practice for Members to complete. These would be sent to Members for completion following the meeting.

**RESOLVED – To:**

- a) Consider and note the contents of the work programme and meeting dates at Appendix A
- b) Note the content of the Member Development Plan at Appendix B and the progress against the plan throughout the year.

**61 Date and Time of Next Meeting**

**RESOLVED** -To note the next meeting will be on Monday 24<sup>th</sup> February 2025 at 10.30am.

*The meeting concluded at 11:35*