



CORPORATE GOVERNANCE AND AUDIT COMMITTEE

**Meeting to be held in Civic Hall, Leeds on
Monday, 18th April, 2011
at 10.00 am**

MEMBERSHIP

Councillors

| | | | |
|------------------|------------|-----------|-----------|
| G Driver (Chair) | C Campbell | P Harrand | J Elliott |
| P Grahame | G Kirkland | W Hyde | |
| N Taggart | S Smith | | |
| A Lowe | | | |
| J Lewis | | | |
| T Hanley | | | |

Co-opted Member

Gordon Tollefson
(Chair of Standards Committee)

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 25 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 25, written notice of an appeal must be received by the Chief Democratic Services Officer 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> | |

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| 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 declare any personal / prejudicial interests for the purpose of Section 81(3) if the Local Government Act 2000 and paragraphs 8 to 12 of the Members Code of Conduct.</p> | |
| 5 | | | <p>APOLOGIES FOR ABSENCE</p> <p>To receive any apologies for absence.</p> | |
| 6 | | | <p>MINUTES OF THE PREVIOUS MEETING</p> <p>To confirm as a correct record the minutes held on 21st March 2011.</p> | 1 - 6 |
| 7 | | | <p>KPMG REPORT - VALUE FOR MONEY AUDIT APPROACH 2010/11</p> <p>To receive a report of the Director of Resources informing the Committee of KPMG's audit plan for the audit of the Council's Value for Money arrangements. The attached report from KPMG highlights the risk based approach to the audit and the main risks they have identified for 2010/11.</p> | 7 - 24 |
| 8 | | | <p>VALUE FOR MONEY ARRANGEMENTS</p> <p>To receive a report of the Director of Resources updating Members on progress that has been made in ensuring that the Council delivers value for money.</p> | 25 - 28 |

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| 9 | | | <p>THE ACCOUNTS & AUDIT (ENGLAND) REGULATIONS 2011.</p> <p>To receive a report of the Director of Resources updating the Committee on the main changes to the regulations following the consultation exercise reported to Members of this Committee on the 14th February 2011.</p> | 29 - 48 |
| 10 | | | <p>LEEDS INITIATIVE PARTNERSHIP AND CITY PLANNING</p> <p>To receive a report of the Assistant Chief Executive (Performance, Planning and Improvement) updating the Committee with the progress of the review of the Leeds Initiative Partnership arrangements and the associated planning and performance management arrangements in the City.</p> | 49 - 64 |
| 11 | | | <p>REPORT WRITING GUIDANCE</p> <p>To receive a report of the Director of Resources seeking comments from the Committee on the revised report writing guidance and template.</p> | 65 - 84 |
| 12 | | | <p>WORK PROGRAMME</p> <p>To receive a report of the Director of Resources notifying and inviting comment from the Committee upon the work programme.</p> | 85 - 92 |

Agenda Item 6

Corporate Governance and Audit Committee

Monday, 21st March, 2011

PRESENT: Councillor G Driver in the Chair
Councillors P Grahame, N Taggart,
G Kirkland, A Lowe , P Harrand, W Hyde,
J Lewis and T Hanley

Co-optee
G Tollefson

Apologies Councillors C Campbell and J Elliott

103 Matters Arising

Making reference to the pending departure of the Assistant Chief Executive (Corporate Governance) from the Council, the Chair expressed the Committee's thanks for the help and guidance provided to the Committee by the Assistant Chief Executive and wished Ms Jackson well for the future.

104 Appeals Against Refusal of Inspection of Documents

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

105 Exempt Information - Possible Exclusion of the Press and Public

There were no resolutions to exclude the public.

106 Late Items

There were no late items submitted to the agenda for consideration excepting a proposed revision to the minutes of the previous meeting held on 14th February 2011.

107 Declaration of Interests

There were no declarations of interests made.

108 Apologies for absence

Apologies for absence were received from Councillors C Campbell and J Elliot.

109 Minutes of the Previous Meeting

The minutes of the Corporate Governance and Audit Committee held on 14th February 2011 were approved as a correct record subject to an amendment to the resolution contained in Minute 96 – Implications of the Localism Bill for the ethical framework in Leeds. The minute to now read as follows:

The Chair of the Standards Committee and the Head of Governance Services presented a report of the Assistant Chief Executive (Corporate Governance) which sought preliminary views from the Committee as part of a consultation process on aspects of the Localism Bill which relate to the Council's ethical governance arrangements, specifically: Members' Code of Conduct; Standards Committee; and Local Assessment arrangements.

Members discussed the report in detail, considering the various questions relating to the Standards Regime which had been framed in response to the Member Code of Conduct implications of the Localism Bill.

Members considered whether in principle a code of conduct need be put in place. Members commented that public interest in such arrangements is likely to remain. Members also commented that should a new code be introduced consideration of allegations of misconduct should be different to what has gone before in that Members should be informed from the outset that a complaint had been made against them. Furthermore that it would be essential for any complaint to be reviewed before any proceedings take place to ensure that frivolous complaints are rejected.

Members were also of the view that if adopted any new code of conduct should be signed by all current Members and any new Members on being elected to the Council.

The Committee agreed that if any local arrangement be introduced consideration would need to be given as to the role of independent people as co-opted Members.

RESOLVED – Members resolved that:

- (a) should a voluntary code of conduct be introduced by the Council, that the code be different to the previous code, specifically allowing Members to be informed from the outset of any complaint made in respect of their compliance with it; and
- (b) a further report be brought to the Committee providing details of the wider governance implications of the Localism Bill.

(Councillor Lowe entered the meeting at 10:08am during the discussion if this item)

110 Minutes of the Standards Committee

The Committee reviewed the Standards Committee minutes. The Chair of the Standards Committee informed Members that owing to the Standards Committee now not meeting on a regular basis and there subsequently being a back log of Corporate Governance and Audit Committee minutes to be noted it had been requested that the minutes not be added to the Standards Committee agenda pack and that the Chair of Standards Committee update the rest of the Standards Committee of any key issues discussed by the Corporate Governance and Audit Committee.

Members commented that at minute 28, – Ethical Audit Action Plan – HR Issues Updates, the actions assigned to the Chief Officer (Human Resources) following the ethical Audits undertaken in 2006 and 2007 have only just being completed and that this was a long time for work to be outstanding.

RESOLVED – The Committee Resolved to:

- (a) note the minutes of the Standards Committee;
- (b) note the intention of the Standards Committee to not receive the Corporate Governance and Audit Committee minutes; and
- (c) request that information relating to any further outstanding actions following the Ethical Audits in 2006 and 2007 be circulated to members of the Committee.

111 KPMG report - Financial Statements Audit Plan

The Principal Financial Manager presented a report of the Director of Resources which informed Members of KPMG' audit plan for the audit of the Council's accounts. The attached report from KPMG highlighted the risk based approach to the audit and the main risks they had identified for 2010/11. The report also provided a summary of the actions undertaken by officers of the Council to mitigate the risks identified.

Mike McDonagh and Alison Ormston from KPMG were in attendance to present the KPMG Financial Statements Audit Plan 2010/11 to the Committee.

Members discussed the audit fee with the representatives from KPMG, highlighting their concerns over an increasing fee in light of the Council's current financial position. Mike McDonagh confirmed that if the audit could be completed for less than the stated price of £530,383 then KPMG would reimburse the Council. It was noted that the risk factors that would determine whether such a course of action was possible were highlighted in KPMG's statement of audit fee assumptions.

The Committee also discussed why the Council was recognising assets on the Balance Sheet when they had been sold or demolished and sort assurance that the new procedures being put in place would minimise the risk of such errors in the future.

Draft minutes to be approved at the meeting
to be held on Monday, 18th April, 2011

RESOLVED – The Committee resolved to:

- (a) agree the external audit plan in respect of the Council's financial statements;
- (b) note the action taken by officers to manage the risks identified;
- (c) request a report on how the new procedures would minimise the risk of assets being recognised on the Council's Balance Sheet when they have been sold or demolished; and
- (d) To receive a further report on the 2010/11 audit fee and the extent to which KPMG were able to finalise the audit at a cost below that previously agreed.

112 KPMG report - Grants and Returns in 2009/10

The Principal Finance Manager presented a report of the Director of Resources which informed Members of the result of the work KPMG have carried out on the certification of grant claims in respect of 2009/10.

Mike McDonagh and Alison Ormston from KPMG were in attendance to present the work undertaken on the certification of grants and claims for 2009/10.

RESOLVED – The Committee resolved to note the results of the 2009/10 audit of grants and returns.

113 Annual Information Security Report

The Project Manager (Planning, Policy and Improvement) presented a report of the Assistant Chief Executive (Corporate Governance). The report was the annual report on the steps being taken to improve Leeds City Council's information security in order to provide assurance for the annual governance statement.

Members discussed the report in detail giving consideration to the new powers being given to the Information Commissioner's Office and the potential reputational and financial risks in terms of fines for breaches of data protection principles where Council employees misplace sensitive information. Members also highlighted the increasing use of contractors who provide outsourced services and the steps that need to be taken to ensure that such contractors comply with data protection principles. In terms of attacks from intruders to the Council's systems, Members requested to know the detail surrounding any major or minor attacks.

Members considered the framework of policies being developed as part of the Information Governance Project, and the contribution these will make to strengthening the security arrangements for the Council's information assets. It was noted that many of these policies are still only at draft stage and that work should continue to complete these.

Members also commented on what access there was to the private emails of Members and other private Council information and the risks of such access being used inappropriately.

RESOLVED – The Committee resolved to:

- (a) note the contents of the report;
- (b) request a report;
 - 1. detailing the extent of intruder attack on Council IT systems;
 - 2. outlining progress made in agreeing and implementing the policies which are still in development;
 - 3. explaining the arrangements that are in place for access to Members' emails; and
 - 4. describing the assurance Members can gain from the Council's arrangements for information security.

114 Contract Procedure Rules

The Chief Procurement Officer presented a report of the Assistant Chief Executive (Corporate Governance) which set out the current position in relation to the Council's Contract Procedure Rules.

Members considered;

- the number of officers who can make purchases on behalf of the Council;
- the extent of work required to improve procurement controls, particularly in respect of monitoring arrangements to be introduced by the Chief Procurement Officer;
- the extent of consultation with Members when contracts with suppliers of goods and services are being drawn up; and
- the extent to which waivers to contract procedure rules are submitted and the value of those waivers.

Members also made reference to a recently undertaken Central and Corporate Scrutiny Board review of the contracts procedure rules.

RESOLVED – The Committee resolved to:

- (a) note the contents of the report; and
- (b) request a further report be submitted to the Committee in three months time to update on progress made.

(Councillor Lowe left the meeting at 11:02am and Councillor Taggart entered the meeting at 11.15am during the discussion of this item)

115 Work Programme

The Assistant Chief Executive (Corporate Governance) submitted a report notifying Members of the draft work programme.

The Committee reviewed its forthcoming work programme and also considered the removal of the May meeting because of the small number of items planned for May.

RESOLVED - The Committee resolved to:

- (a) note the draft work programme; and
- (b) agree that the May meeting of the Committee should be cancelled.



Report of the Director of Resources

Corporate Governance and Audit Committee

Date: 18th April 2011

Subject: KPMG report – Value For Money audit approach 2010/11

Electoral Wards Affected:

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

1.0 Executive Summary

- 1.1 In order to discharge its statutory duties, KPMG has outlined its approach to assessing the Authority's arrangements to secure value for money in the use of resources. KPMG's approach is based on the Audit Commission's guidance and focuses on the two key criteria identified by the Commission. The attached report details the audit approach and identifies some of the key risks the Council faces.
- 1.2 Officers recognise the risks identified and continue to work towards managing these risks.

2.0 Purpose Of This Report

- 2.1 To inform members of KPMG's audit plan for the audit of the Council's Value for Money arrangements. The attached report from KPMG highlights the risk based approach to the audit and the main risks they have identified for 2010/11.

3.0 Background Information

- 3.1 KPMG's statutory responsibilities and powers are set out in the Audit Commission Act 1998, The Local Government Act 1999 and the Audit Commission's Code of Audit Practice. As the Council's external auditors, KPMG are required to conclude as to whether the Council has arrangements in place for securing economy, efficiency and effectiveness in the use of resources.

4.0 Main Issues

- 4.1 Based on the requirements of the Audit Commission, KPMG will structure their approach around two key criteria to replace the ten key lines of enquiry required under the previous Use of Resources audit regime. These two key criteria are as follows:
- Arrangements in place for securing financial resilience,
 - Arrangements for challenging how it secures economy, efficiency and effectiveness.

4.2 Based on these key criteria, KPMG have identified a number of significant risks:
risks:

- Managing with less;
- Early leavers initiative;
- Waste Management.

KPMG will consider the arrangements put in place by the Council to mitigate these risks and will then consider what further audit work is required.

4.0 Implications For Council Policy And Governance

5.1 Under the Committee's terms of reference members are required to agree the nature and scope of the external audit plan.

6.0 Legal And Resource Implications

6.1 The report by KPMG outlines how they propose to discharge their responsibilities as defined by the Audit Commission Act 1998, The Local Government Act 1999 and the Audit Commission's Code of Audit Practice.

7.0 Conclusions

7.1 KPMG have provided the Council with an initial plan for discharging their responsibilities in respect of the assessment of the Council's arrangements for securing value for money. KPMG will up date this Committee in June on how the audit approach is progressing as part of their interim audit. KPMG will then report on their final conclusions to this Committee in September.

8.0 Recommendations

8.1 Members are asked to note the external audit approach to assessing the Council's arrangements for securing Value for Money.

Background Documents Used

Financial Statements Audit Plan, reported to Corporate Governance & Audit Committee 14th February 2011.



cutting through complexity™

VFM audit approach 2010/11

Leeds City Council

March 2011

Appendix 1

The contacts at KPMG in connection with this report are:

Mike McDonagh
Partner

Tel: 0121 3352440
michael.a.mcdonagh@kpmg.co.uk

Steve Clark
Director

Tel: 0113 254 2910
stephen.clark@kpmg.co.uk

Alison Ormston
Senior Manager

Tel: 0113 231 3444
alison.ormston@kpmg.co.uk

Sam Bradford
Assistant Manager

Tel: 0113 231 3624
sam.bradford@kpmg.co.uk

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| A. | Audit Commission VFM tools & review guides | 12 |

This report is addressed to Leeds City Council (the "Council") and has been prepared for your use only. We accept no responsibility towards any member of staff acting on their own, or to any third parties. The Audit Commission has issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies. This summarises where the responsibilities of auditors begin and end and what is expected from the Council. We draw your attention to this document.

External auditors do not act as a substitute for the Council's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Mike McDonagh, who is the engagement lead to the Council (telephone 0121 3352440 or email michael.a.mcdonagh@kpmg.co.uk) who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees (0161 246 4000 or trevor.rees@kpmg.co.uk), who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, Westward House, Lime Kiln Close, Stoke Gifford, Bristol, BS34 8SR or by email to complaints@audit-commission.gov.uk. Their telephone number is 0844 798 3131, textphone (minicom) 020 7630 0421.

Our audit is divided into:

- **Use of resources; and**
- **Financial statements.**

This document describes how the new VFM audit approach will operate to fulfil our use of resources responsibilities.

It also sets out our revised risk assessment for our VFM conclusion.

Our responsibilities

Our statutory responsibilities and powers are set out in the Audit Commission Act 1998 (the Act) and the Commission's Code of Audit Practice (the Code). The Code summarises our responsibilities into two objectives, requiring us to review and report on your:

- *use of resources*: concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the value for money (VFM) conclusion); and
- *financial statements* (including the Annual Governance Statement): providing an opinion on your accounts.

We have already provided information on our detailed financial statements audit approach in our separate Financial Statements Audit Plan 2010/11, which also includes other aspects we are required to communicate, such as independence declarations and fee disclosures.

This document focuses on our VFM audit. It describes the new approach introduced this year by the Audit Commission and highlights the key changes compared to the previous Use of Resources (UoR) auditor's scored judgements regime.

It also sets out our revised risk assessment for our VFM conclusion.

VFM audit approach

The new approach is structured around two criteria:

- arrangements in place for securing financial resilience: looking at the Council's financial governance, financial planning and financial control processes; and
- arrangements for challenging how it secures economy, efficiency and effectiveness: looking at how the Council is prioritising resources and improving efficiency and productivity.

These replace the ten criteria/ key lines of enquiry under the previous UoR audit regime. There are no scored judgements under the new approach and the VFM conclusion is the only output. This remains a 'pass / fail' style assessment.

We will follow a risk based approach to target audit effort on the areas of greatest audit risk. We will consider the arrangements put in place by the Council to mitigate these risks and plan our work accordingly.

Our VFM audit will draw heavily on other audit work which is relevant to our VFM responsibilities and the results of last year's VFM audit. We will then assess if more detailed audit work is required in specific areas. The Audit Commission have developed a range of audit tools and review guides which we will draw upon where relevant.

This document describes how the new VFM audit approach will operate to fulfil our use of resources responsibilities. It also sets out our revised risk assessment for our VFM conclusion.

Risk assessment

The risks to our VFM conclusion we have identified are:

| Risk | Description |
|----------------------------|--|
| Managing with less | Following the Spending Review in October 2010, the Council needs to deliver nearly £90m of savings in 2011/12, which is almost 10% of the Council's net spending before grants. Whilst an approved budget plan has now been approved this still represents a significant challenge for the Council. We will review the Council's financial planning following the 2011/12 settlement, focusing in particular on the capacity of the Council's 2011/12 budgets to secure a stable financial position. We will also consider the actions taken by the Council to effectively manage financial risks and opportunities. |
| Council restructure | Following the recent budget cuts, the Council by the end of 2011/12 will have lost over 1,500 jobs compared to the position at the start of the 2010/11 financial year. We will consider how the Council has ensured that its decisions on cost reductions and service cuts reflect local priorities and will achieve long term sustainable savings. |
| Waste management | As part of the vision for waste management in Leeds, the Council are proposing to build a treatment facility to deal with waste that cannot be recycled. The Council have narrowed the original eight bidders down to two and the successful bidder will be chosen in Summer 2011. Public consultation will then commence later in 2011, with construction planned to commence in 2013. We will take into consideration how the Council ensures that the waste management plan is affordable and tailored to local needs, delivering value for money. This work is particularly relevant to the economy, efficiency and effectiveness criterion of the VFM conclusion. |

We will report on the results of our VFM audit work through our Interim Audit Report and our Report to those charged with governance.

Our work this year on your use of resources arrangements will follow a new approach introduced by the Audit Commission.

Background to new approach to local VFM work

The financial environment in which public sector audited bodies operate has changed significantly in the last two years. In particular, the recession, the state of the UK's public finances, and the scale of funding cuts have led to increased pressure on public spending.

In response to the changing financial environment, the Audit Commission has introduced a new approach to local VFM work at those bodies previously subject to a UoR assessment. The new, more focused approach will focus the work auditors do on areas of identified audit risk to meet their statutory VFM responsibilities.

The principles the Commission has used to develop the new approach to local VFM audit work are that it should:

- enable auditors to fulfil their responsibility under the Act and the Code, relating to an audited body's arrangements to secure economy, efficiency and effectiveness;
- be sharper and more focused than the UoR assessment and allow for greater linkages to our financial statements audit work; and
- apply proportionately to reflect the size, capacity and performance of different types of audited body and, as far as possible, operate consistently across all sectors of the Commission's regime.

In meeting their statutory responsibilities relating to economy, efficiency and effectiveness, the Commission's Code requires auditors to:

- plan their work based on consideration of the significant risks of giving a wrong conclusion (audit risk); and
- carry out only as much work as is appropriate to enable them to give a safe VFM conclusion.

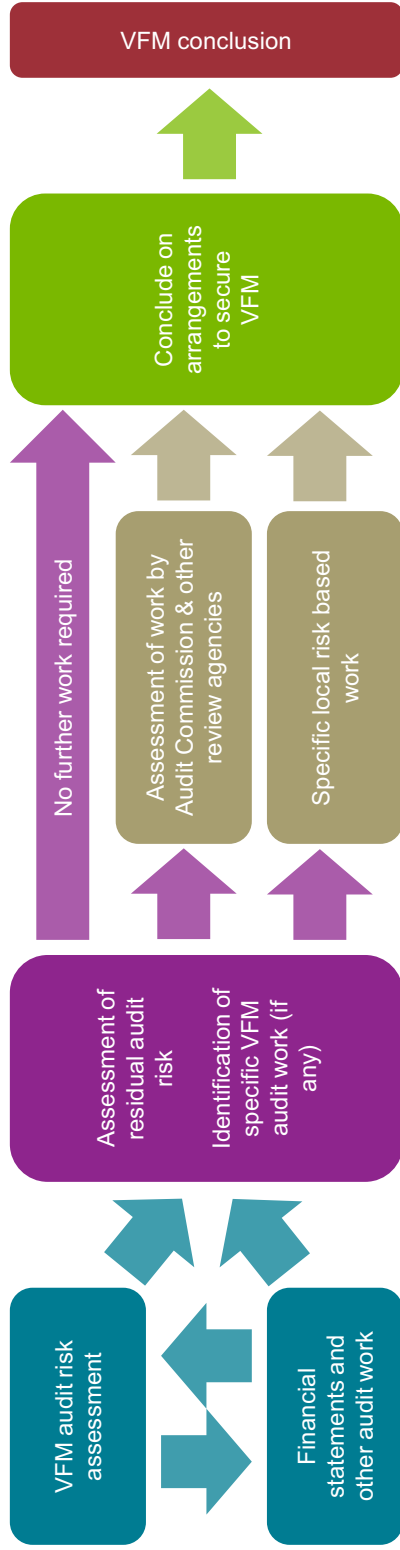
The new approach is structured under two themes, as summarised below.

| Specified criteria for VFM conclusion | Focus of the criteria | Sub-sections |
|--|--|---|
| The organisation has proper arrangements in place for securing financial resilience . | The organisation has robust systems and processes to: <ul style="list-style-type: none"> ■ manage effectively financial risks and opportunities; and ■ secure a stable financial position that enables it to continue to operate for the foreseeable future. | <ul style="list-style-type: none"> ■ Financial governance ■ Financial planning ■ Financial control |
| The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness . | The organisation is prioritising its resources within tighter budgets, for example by: <ul style="list-style-type: none"> ■ achieving cost reductions; and ■ improving efficiency and productivity. | <ul style="list-style-type: none"> ■ Prioritising resources ■ Improving efficiency and productivity |

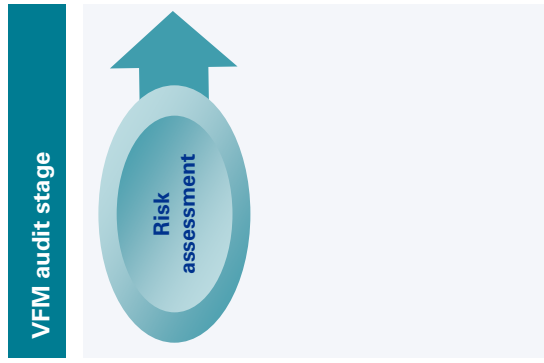
We will follow a risk based approach to target audit effort on the areas of greatest audit risk.

Overview of the VFM audit approach

The key elements of the VFM audit approach are summarised below.



Each of these stages are summarised further below.



VFM audit risk assessment

We will consider the relevance and significance of the potential business risks faced by all Local Authorities, and other risks that apply specifically to the Council. These are the significant operational and financial risks in achieving statutory functions and objectives, which are relevant to auditors' responsibilities under the Code.

In doing so we will consider:

- the Council's own assessment of the risks it faces, and its arrangements to manage and address its risks;
- information from the Audit Commission's VFM profile tool and financial ratios tool;
- evidence gained from previous audit work, including the response to that work; and
- the work of the Audit Commission, other inspectorates and review agencies (where relevant to our VFM audit responsibilities).



In light of the revised criteria we have updated our risk assessment for our VFM audit work and a summary of risks is included in the next section of this report.

VFM audit approach (continued)

Our VFM audit will draw heavily on other audit work which is relevant to our VFM responsibilities and the results of last year's VFM audit.

We will then form an assessment of residual audit risk to identify the areas where more detailed VFM audit work is required.

Overview of the VFM audit approach (continued)

| VFM audit stage | Audit approach |
|--|---|
|  | <p>Linkages with financial statements and other audit work</p> <p>There is a degree of overlap between the work we do as part of the VFM audit and our financial statements audit. For example, our financial statements audit includes an assessment and testing of the Council's financial management and governance arrangements, many aspects of which are relevant to our VFM audit responsibilities.</p> <p>We have always sought to avoid duplication of audit effort by integrating our financial statements and VFM work, and this will continue. We will therefore draw upon relevant aspects of our financial statements audit work to inform the VFM audit. In practice, this work will involve a range of interviews with relevant officers, review of documents such as policies, plans and minutes, and testing of certain controls. We will make use of any self assessment the Council undertakes against the detailed characteristics.</p> <p>We will also have regard to the results of previous VFM audit work and any other relevant audit work undertaken in the year.</p> |
|  | <p>Assessment of residual audit risk</p> <p>It is likely that further audit work will be necessary in some areas to ensure comprehensive coverage of the two VFM criteria.</p> <p>This work will involve a range of interviews with relevant officers, and review of documents such as policies, plans and minutes. We will also refer to any self assessment the Council may prepare against the characteristics.</p> <p>To inform any further work we must draw together an assessment of residual audit risk, taking account of the work undertaken already. This will identify those areas requiring further specific audit work to inform the VFM conclusion.</p> <p>At this stage it is not possible to indicate the number or type of residual audit risks that might require additional audit work, and therefore the overall scale of work cannot be easily predicted.</p> |


We will identify what additional VFM audit work is required and, where relevant, draw upon the range of audit tools and review guides developed by the Audit Commission.

Overview of the VFM audit approach (continued)

| VFM audit stage | Audit approach |
|---|---|
|  <p>Identifying further work</p> | <p>Identification of specific VFM audit work</p> <p>If we identify residual audit risks, then we will highlight the risk to the Council and consider the most appropriate audit response in each case, including:</p> <ul style="list-style-type: none"> considering the results of work by the Council, the Audit Commission, other inspectorates and review agencies; and carrying out local risk-based work to form a view on the adequacy of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. |
|  <p>Local risk-based work</p> | <p>Delivery of local risk based work</p> <p>Depending on the nature of the residual audit risk identified, we will be able to draw on the following audit tools and sources of guidance when undertaking specific local risk-based audit work:</p> <ul style="list-style-type: none"> local savings review guides based on selected previous Audit Commission national studies; update briefings for previous Audit Commission studies. <p>These are discussed in further detail in Appendix A. Any detailed work will also make reference to the detailed VFM characteristics, as appropriate, and any self assessment the Council may prepare against the characteristics.</p> <p>The tools and guides will support our work where we have identified a local risk. For any residual audit risks that relate to issues not covered by one of these tools, we will develop an appropriate audit approach drawing on the detailed VFM guidance and other sources of information.</p> |
|  <p>Conclude on arrangements</p> | <p>Concluding on VFM arrangements</p> <p>At the conclusion of the VFM audit we will consider the results of the work undertaken and assess the assurance obtained against each of the VFM themes regarding the adequacy of the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources.</p> <p>If any issues are identified that may be significant to this assessment, and in particular if there are issues that indicate we may need to consider qualifying our VFM conclusion, we will discuss these with management as soon as possible. Such issues will also be considered more widely as part of KPMG's quality control processes, to help ensure the consistency of auditors' decisions.</p> |

The output of the VFM audit is our opinion on the arrangements in place to deliver VFM, known as the VFM conclusion.

Overview of the VFM audit approach (continued)

| VFM audit stage | Audit approach |
|---|--|
|  | <p>Reporting</p> <p>We do not plan to produce a separate report on the VFM audit, either overall or for any local savings reviews that we may undertake. Instead, we will report on the results of the VFM audit through our Interim Audit Report and our Report to those charged with governance. These reports will summarise our progress in delivering the VFM audit, the results and any specific matters arising, and the basis for our overall conclusion.</p> <p>The key output from the work will be the VFM conclusion (i.e. our opinion on the Council's arrangements for securing VFM). This will be delivered through the audit report that we issue on the Council's financial statements.</p> <p>The VFM conclusion will be one of the following:</p> <ul style="list-style-type: none"> ▪ unqualified – meaning we are happy that in all significant respects the Council has proper arrangements for securing economy, efficiency and effectiveness in the use of its resources; or ▪ except for qualification – meaning we are generally satisfied with the adequacy of the arrangements in place, except for one or more specific issues highlighted during the audit that relate to specific VFM criteria; or ▪ adverse qualification – meaning we are unable to conclude that the Council has adequate arrangements in place. <p>In practical terms, issues that would have led to level 1 score under the previous JoR regime will continue to require auditors to consider the need for some form of qualification of the VFM conclusion.</p> |

VFM audit approach (continued)

There are many similarities to the previous Use of Resources approach, but also some notable differences.

Comparison to the previous Use of Resources audit regime

Although the purpose of the VFM audit remains the same – to form a view on the adequacy of the Council’s arrangements for securing economy, efficiency and effectiveness in the use of its resources – and there are many similarities in the new approach, there are also some notable differences. These are summarised in the table below.

| Previous Use of Resources audit regime | New VFM audit regime |
|--|--|
| <ul style="list-style-type: none"> Three themes (managing finances, governing the business and managing resources) covering ten key lines of enquiry (KLOE). VFM criteria equate to KLOE. | <ul style="list-style-type: none"> Reduced to two VFM criteria (financial resilience and securing VFM). There remains considerable overlap in coverage, but some aspects (e.g. natural resources) are not now considered. |
| <ul style="list-style-type: none"> Scored judgements overall, for each of the three themes and each KLOE. These scores informed the VFM conclusion. | <ul style="list-style-type: none"> No scored judgements. The VFM conclusion is the only output, which remains a ‘pass / fail’ style assessment. |
| <ul style="list-style-type: none"> Detailed guidance available for each KLOE describing the standards and performance required to achieve levels 2 and 3. | <ul style="list-style-type: none"> More summarised characteristics replace the previous KLOEs. These have an austerity flavour and are more concerned with the current focus on issues such as savings and efficiencies. |
| <ul style="list-style-type: none"> Strong emphasis on the need to demonstrate impact and positive outcomes to achieve higher scores. | <ul style="list-style-type: none"> Focus is on the adequacy of the arrangements to deliver economy, efficiency and effectiveness in the use of resources. |
| <ul style="list-style-type: none"> Some cyclical variation each year, but Use of Resources audits were applied in the same way at every audited body. | <ul style="list-style-type: none"> Risk-based approach with the level of audit work varying at each audited body. |

We have identified a number of significant risks to our VFM conclusion.

We will consider the arrangements put in place by the Council to mitigate these risks and plan our work accordingly.

VFM risks identified

Our Audit Fee Letter 2010/11 included the initial risk assessment for our VFM audit work. We have updated this in light of the revised criteria and a summary of risks is included in the table below.

In most cases, it is not possible to indicate at this stage exactly what audit work will be required. As described earlier in this report, our work is likely to include interviews with relevant officers, and review of documents such as policies, plans and minutes. Depending on our residual audit risk, we may then need to complete targeted further work.

Risk

Managing with less

Following the Spending Review in October 2010, the Council needs to deliver nearly £90m of savings in 2011/12, which is almost 10% of the Council's net spending before grants. Whilst an approved budget plan has now been approved this still represents a significant challenge for the Council.

In order to deliver these savings, the Council will be undertaking significant change programmes across services. It will need to ensure that it effectively manages financial risks and opportunities and that it puts in place plans that secure a stable financial position and enables it to continue to operate for the foreseeable future.

Focus of work

The Commission will be publishing a national study in May 2011 on the impact of the 2011/12 local government settlement on councils' finances. The study will examine the approaches taken by councils in responding to the need to make savings and to managing with less.

To support the study, we are required to complete a survey which will capture:

- information on the financial stability of the Council following the 2011/12 settlement, focusing in particular on the capacity of the Council's 2011/12 draft budgets to secure this stability; and
- actions used by the Council to secure the necessary savings in its 2011/12 draft budget and any resulting implications for service provision.

We will also critically assess the Council's financial standing to ensure that its Medium Term Financial Plan and planning has duly taken into consideration the potential funding reductions and that it is sufficiently robust to ensure that the Council can continue to provide services effectively.

The information collected in the survey will be closely based on the financial resilience criterion of the VFM conclusion and forms a mandatory part of auditors' work programmes at all single-tier, county and district councils.

We have identified a number of significant risks to our VFM conclusion.

We will consider the arrangements put in place by the Council to mitigate these risks and plan our work accordingly.

Risk

Council restructure

Following the recent budget cuts, the Council by the end of 2011/12 will have lost over 1,500 jobs compared to the position at the start of the 2010/11 financial year.

The Council will need to ensure that its reduced resources are focused on its key strategic priorities and that the impact on service delivery is kept to a minimum.

Focus of work

We will consider how the Council has ensured that its decision on cost reductions and service cuts reflect local priorities and will achieve long-term sustainable savings.

This work is relevant to both the financial resilience and economy, efficiency and effectiveness criteria of the VFM conclusion.

Waste management

As part of the vision for waste management in Leeds, the Council are proposing to build a treatment facility to deal with waste that cannot be recycled.

The Council have narrowed the original eight bidders down to two and the successful bidder will be chosen in Summer 2011. Public consultation will then commence later in 2011, with construction planned to commence in 2013.

The Council will need to ensure that the scheme generates the envisaged benefits for the Council and delivers value for money.

We will take into consideration how the Council ensures that the waste management plan is affordable and tailored to local needs, delivering value for money.

This work is particularly relevant to the economy, efficiency and effectiveness criterion of the VFM conclusion.

Audit Commission VFM tools and review guides

The Audit Commission has developed a range of VFM tools and review guides that we can draw upon when undertaking VFM audit work on any detailed risk areas.

The local savings reviews are light-touch guides, with comparative data where available. Use of the tools and review guides is not mandatory and auditors are not therefore required to undertake work on the topics covered as a matter of course. The tools and guides will support auditors' work where we have identified a local risk through the risk assessment. Also, they can be applied flexibly so we may decide to only use them in part rather than fully, depending on the nature of the residual audit risk to be addressed.

Local savings review guides

The Audit Commission has developed the following local savings review guides which auditors can use to inform local VFM work on appropriate residual audit risks.

| Review Guide | Description |
|---|---|
| <p>Back to front: efficiency of back office functions in local government</p> <p>Link</p> | <p>The original 2008 national study found there were still opportunities for back office savings. The savings review guide focuses on arrangements to deliver savings including delivery arrangements, governance processes, plans and good information.</p> <p>The results of work on this topic may provide evidence for the VFM conclusion criterion on how organisations are challenging the way they secure economy, efficiency and effectiveness.</p> |
| <p>The efficiency challenge: the administration costs of revenues and benefits</p> <p>Link</p> | <p>The 2005 national study identified potential efficiency savings of £140 million. The savings review guide focuses on the arrangements needed to deliver these potential savings, including:</p> <ul style="list-style-type: none"> ▪ delivery arrangements (for example in-house, contracted out or shared); ▪ governance; and ▪ good information. <p>The results of work on this topic may provide evidence for the VFM conclusion criterion on how organisations are challenging the way they secure economy, efficiency and effectiveness.</p> |

Audit Commission VFM tools and review guides (continued)

The Audit Commission has developed a range of VFM tools and review guides that we can draw upon when undertaking VFM audit work on any detailed risk areas.

Audit Commission national study update briefings

The Audit Commission has developed the following national study update briefings which auditors can use to inform local VFM work on appropriate residual audit risks:

- [Room for improvement: A review of strategic asset management;](#)
- [Positively charged: maximising the benefits of local public service charges;](#) and
- [Sustaining value for money in the police service.](#)

If used, these update briefings will be useful when considering whether the Council is using sources of good practice to challenge arrangements for securing VFM (see securing economy, efficiency and effectiveness criterion). The *Positively charged* update briefing may also be relevant to the financial resilience criterion.



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Report of the Director of Resources

Corporate Governance and Audit Committee

Date: 18th April 2011

Subject: Value for Money Arrangements

Electoral Wards Affected:

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

1.0 Executive Summary

1.1 From the evidence available and the plans for future development of the arrangements, it can be concluded that the Council has sound arrangement for securing value for money. No system of control or arrangements in place can provide absolute assurance and this is similarly true for an assurance about value for money arrangements.

2.0 Purpose of the Report

2.1 This report updates Members on progress that has been made in ensuring that the Council delivers value for money. It provides an assurance about the value for money arrangements and highlights key activities where further progress can be made.

3.0 Main Issues

3.1 The Council's value for money arrangements cannot be considered in isolation of the significant financial challenge to the Council, which is without precedent in recent times. In addition to a substantial reduction in Government funding, the Council also faces significant cost pressures that have been taken into account in the 2011/12 budget and will also have an impact in future years.

3.2 There are particularly acute cost pressures in both Adult Social Care and Children's Services, and in addition income continues to decline in both City Development and Environment and Neighbourhoods. The budget approved by the Executive Board on 11th February 2011 addresses these issues. The budget will mean that by the end of 2011/12 the Council will have lost over 1,500 jobs compared to the position at the start of 2010/2011, of which around 1,100 will have gone by the 31st March 2011.

- 3.3 Any assessment of the value for money arrangements must take into account the unprecedented challenges outlined in the budget. The budget was designed to achieve the level of cost reductions required whilst minimising the impact on services to customers. The following value for money principles underpin the budget:
- common business activities across the Council are centralised and/or managed from a central point in the organisation where this can demonstrate better value for money,
 - provision of services should be by the most appropriate provider taking into account value for money, quality of service, maturity of the market, in-house resilience, etc.
- 3.4 In connection with the 2011/12 budget, a report will be presented to the next meeting of the Corporate Governance and Audit Committee that provides assurance on the extent to which the risk assessments referred to in the budget report are robust.
- 3.5 The above demonstrates that sound value for money arrangements are crucial to maintaining robust financial management arrangements and staying within the agreed budget. Given this crucial role, it is not surprising that the Council's value for money arrangements are subject to review by the Council's external auditors, KPMG. They must undertake work in accordance with the Audit Commission's Code of Audit Practice. The Code (in place for the 2010/11 audit) summarises KPMG's responsibilities as twofold:
- concluding on arrangements in place for securing financial resilience; looking at the Council's financial governance, financial planning and financial control processes and
 - arrangements for challenging how it secures economy, efficiency and effectiveness; looking at how the Council is prioritising resources and improving efficiency and productivity
- 3.6 To further support the value for money culture of the Council it is suggested that value for money objectives should be established. The objectives will be central to any value for money policy. The following are suggested as draft policy objectives:
- Value for money underpins the Council's culture
 - There is a corporate approach to embedding a value for money culture
 - Role and responsibilities for value for money are clearly defined, communicated and understood by all
 - Value for money is an integral part of the corporate and service planning process
 - Value for money is an integral part of the appraisal process
 - Value for money is formally considered as part of decision making
 - All projects and programmes are assessed to ensure they deliver value for money
 - Services review and identify value for money opportunities
 - Training on value for money is provided
 - Members are actively involved in reviewing and challenging value for money activity
 - The effectiveness of value for money arrangements are reviewed annual

- A value for money reporting service is set up to help identify value for money opportunities
- 3.7 Further work is required on the public's perception of whether the Council offers value for money. A number of issues need to be explained further to residents and groups as part of future engagement on the budget. Specifically we need to improve messages about what we spend money on and why this is value for money and, more generally, what steps we take to make the organisation more efficient.
- 3.8 There are numerous other programmes that will significantly impact on the Council's value for money arrangements but two that warrant specific mention here. Firstly, a range of procurement initiatives aimed at saving money are included in the budget. The Council aims to achieve maximum financial benefit from procurement and commissioning. Procurement activities should be organised on a Council wide basis wherever possible. The budget assumes procurement savings and reductions in supplies and services budget of around £25m. Planned activity includes e-auctions, contract extensions, contract renewals, tackling off-contract spend and reducing the number of people in the organisation that have the authority to authorise orders. Secondly, the Business Transformation Programme will need to deliver significant savings over the next four years on programmes such as Changing the Workplace and Access to Services.
- 3.9 In addition, the arrangements set out in the evidence provided by the Council under the former Use of Resources element of the curtailed Comprehensive Area Assessment regime remain in place and are, fundamentally, fit for purpose. Given the significant financial challenge in the 2011/12 budget there is however, a requirement to do more on ensuring value for money.
- 3.10 Other factors that have contributed to the evidence base for the assurance are as follows.

A programme of training and awareness has been started. All scrutiny boards have the authority to undertake value for money reviews. A briefing has been provided to Scrutiny Board (Central and Corporate Functions) and it is intended that this briefing will be rolled out. The following questions were suggested as the sort of questions that need to be asked to determine whether a service delivers value for money:

- How do you know the service provides value for money, i.e. how is value for money sought, managed and monitored?
- How well is the service performing?
- How much does the service cost and how does it compare with similar providers?
- What is the level of quality offered by the service – what are the perceptions of service users?
- How does the quality of the service compare to other high performing providers
- What is the scope for the service to improve?
- Are there other ways of delivering the service?
- How do we know that alternative methods of provision will not offer better value for money?
- What is included in your value for money action plan and will this affect quality outcomes?

3.11 Internal Audit is undertaking a series of value for money reviews looking at both traditional value for money studies and business processes reengineering. It is proposed that additional time will be included in the 2011/12 audit plan to undertake this work. The 2011/12 plan is subject to approval by the Corporate Governance and Audit Committee.

3.12 KPMG's 'Report to those Charged with Governance', presented to Corporate Governance and Audit Committee on 29th September 2010 concluded that:

'...the authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources'

Such external and independent verification of the Council's arrangements significantly contributes to the evidence upon which the conclusions in this report are based.

4.0 Implications For Council Policy And Governance

4.1 Corporate Governance and Audit Committee is authorised to review the adequacy of the Council's Corporate Governance arrangements (including matters such as internal control and risk management).

4.2 Arrangements for securing value for money are considered a fundamental part of the Council's corporate governance arrangements and any assurance on those arrangements will inform the annual governance statement that the Corporate Governance and Audit Committee must approve.

5.0 Legal And Resource Implications

5.1 There are resource implications of this report. Those implications, by the nature of the issues addressed (some factors are backward-looking, others are forward-looking), are imprecise but will be contained within existing resources.

6.0 Conclusions

6.1 From the evidence available and the plans for future development of the arrangements, it is concluded that the Council has sound arrangement for securing value for money. No system of control or arrangements in place can provide absolute assurance and this is similarly true for an assurance about value for money arrangements.

7.0 Recommendations

7.1 Members are requested to:

- Comment on the draft objectives of a proposed value for money policy; and
- Note the assurance that the Council has sound arrangements for securing value for money.

Background Documents Used

None



Report of the Director of Resources

Corporate Governance and Audit Committee

Date: 18th April 2011

Subject: The Accounts & Audit (England) Regulations 2011.

Electoral Wards Affected:

Ward Members consulted
(Referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

1.0 Purpose Of This Report

1.1 Communities and Local Government (CLG) have now published the Accounts and Audit Regulations 2011. This report aims to update Members on the main changes to the regulations following the consultation exercise reported to Members of this Committee on the 14th February 2011.

2.0 Main Issues

2.1 The main amendments contained within the final regulations are as follows:

2.2 In respect of the approval and publication of the annual accounts, the Responsible Financial Officer is required to certify that the accounts are a true and fair view by the 30th June and Members will be required to approve the audited accounts by the end of September. It is therefore no longer a statutory requirement that members approve the unaudited accounts by the end of June.

2.3 Regulation 22 of the previous regulations has been removed and consequently any contravention of the regulations is no longer a criminal offence.

2.4 As anticipated, the regulations now require a review of the effectiveness of internal audit, rather than a review of the effectiveness of the system of internal audit. Such a review has historically been provided as a fundamental part of the Annual Internal Audit Report presented to this committee. This will remain the case.

2.5 The regulations require the Corporate Governance Statement to accompany the Statement of Accounts. It is at the discretion of the Council as to whether it should be published within the accounts or as a separate document.

3.0 Implications For Council Policy And Governance

3.1 The Responsible Financial Officer is required, under the regulations, to certify that the unaudited accounts are a true and fair view of the Council's financial position. As agreed by Members of this Committee on the 14th February 2011, this Committee will approve the unaudited accounts in July, before they are available for public

inspection. Whilst not a requirement of the regulations, this is considered as good practice by CLG. Under the regulations, Members will be required to approve the audited accounts before the 30th September.

4.0 Legal And Resource Implications

4.1 The new regulations will come into force on the 31st March 2011 and will therefore apply to the 2010/11 Statement of Accounts and audit.

5.0 Recommendations

5.1 Members to be asked to note the new Accounts and Audit Regulations 2011.

STATUTORY INSTRUMENTS

2011 No. 817

LOCAL GOVERNMENT, ENGLAND

The Accounts and Audit (England) Regulations 2011

Made - - - - - *15th March 2011*
Laid before Parliament *21st March 2011*
Coming into force - - *31st March 2011*

These Regulations are made in exercise of the powers conferred by section 27 of the Audit Commission Act 1998(1) and section 134(6) of the Greater London Authority Act 1999(2).

In accordance with section 27(3) of the 1998 Act, the Secretary of State consulted with the Audit Commission, such associations of local authorities as appeared to him to be concerned and such bodies of accountants as appeared to him to be appropriate.

The Secretary of State makes the following Regulations:

PART 1

Introductory

Citation, commencement and application

1.—(1) These Regulations may be cited as the Accounts and Audit (England) Regulations 2011 and come into force on 31st March 2011.

(2) These Regulations apply in relation to England only.

(3) These Regulations apply as follows—

- (a) Regulations 2, 4 to 6(2), and 21 to 28 apply to all relevant bodies;
- (b) Regulations 6(3) to 11 apply to larger relevant bodies;
- (c) Regulations 12 to 16 apply to smaller relevant bodies;
- (d) Regulations 17 to 20 apply to the particular relevant bodies mentioned in Part 5; and

(1) 1998 c. 18. The functions of the Secretary of State under section 27 are, so far as exercisable in relation to Wales, vested in the Welsh Ministers. Those functions were transferred to the National Assembly for Wales constituted by the Government of Wales Act 1998 (c. 38) by the National Assembly for Wales (Transfer of Functions) Order 1999 (S.I. 1999/672), article 2; see the entry in Schedule 1 for the Audit Commission Act 1998. By virtue of paragraphs 30 and 32 of Schedule 11 to the Government of Wales Act 2006 (c. 32), they were transferred to the Welsh Ministers immediately after the end of the initial period as defined by section 161(5) of that Act

(2) 1999 c. 29.

- (e) Regulations 4 to 28 apply, with all necessary modifications, to the accounts of an officer whose accounts are required to be audited by section 26 (audit of accounts of officers) of the 1998 Act.

Interpretation

2.—(1) In these Regulations—

“the 1972 Act” means the Local Government Act 1972(3);

“the 1989 Act” means the Local Government and Housing Act 1989(4);

“the 1998 Act” means the Audit Commission Act 1998;

“notice by advertisement” means a notice published in one or more local newspapers circulating in the area of the relevant body;

“parish meeting” means a parish meeting of a parish not having a separate parish council;

“relevant body” means a body whose accounts are required to be audited in accordance with section 2 (required audit of accounts) of the 1998 Act other than a NHS body as defined in paragraph 1 of Schedule 15 to the National Health Service Act 2006(5), a local probation board or a probation trust;

“larger relevant body” means a relevant body which is not a smaller relevant body;

“smaller relevant body” means a relevant body which is not a local authority for the purposes of Part 1 (capital finance etc and accounts) of the Local Government Act 2003(6), which—

- (a) for an established body, meets the qualifying condition for the year concerned, or for either of the two immediately preceding years,
- (b) for a newly established body, meets the qualifying condition for its first or second year, the qualifying condition being that the body’s gross income or gross expenditure (whichever is higher) is not more than £6.5 million;

“working day” means any day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday in England under the Banking and Financial Dealings Act 1971(7); and

“year” means the period of 12 months ending with 31st March.

(2) Any reference in these Regulations to the “responsible financial officer” means—

(a) the person who, by virtue of—

(i) section 151 (financial administration) of the 1972 Act;

(ii) section 17(1) (accounts) of the Norfolk and Suffolk Broads Act 1988(8);

(iii) section 112(1) (financial administration as to certain authorities) of the Local Government Finance Act 1988(9);

(iv) section 6(1) (officer responsible for financial administration of certain authorities) of the 1989 Act;

(v) paragraph 13(6) of Schedule 7 (National Park Authorities) to the Environment Act 1995(10); or

(3) 1972 c. 70.

(4) 1989 c. 42.

(5) 2006 c. 41. Paragraph 1(3) of Schedule 15 was inserted by article 6 of S.I. 2008/817.

(6) 2003 c. 26. Bodies specified in, or in regulations made under, section 23 of the Local Government Act 2003 are local authorities for the purposes of Part 1 of that Act.

(7) 1971 c. 80.

(vi) section 127(2) (proper financial administration and chief finance officer) of the Greater London Authority Act 1999⁽¹¹⁾;

as the case may be, is responsible for the administration of the financial affairs of a relevant body or, if no person is so responsible, the person who is responsible for keeping the accounts of such a body, or

(b) if the person referred to in sub-paragraph (a) is unable to act owing to absence or illness, such member of that person's staff as is nominated by that person for the purposes of section 114 (functions of responsible officer as regards reports) of the Local Government Finance Act 1988⁽¹²⁾ or, if no nomination is made under that section, such member of staff nominated by the person referred to in sub-paragraph (a) for the purposes of these Regulations.

(3) Any reference in regulations 4 to 28 to a relevant body must, in the case of a parish meeting, be construed as a reference to the chairman of that meeting.

Revocations

3. The instruments listed in the Schedule to these Regulations are revoked.

PART 2

Financial management and internal control

Responsibility for financial management

4.—(1) The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.

(2) The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control.

(3) The findings of the review referred to in paragraph (2) must be considered—

(a) in the case of a larger relevant body, by the members of the body meeting as a whole or by a committee, and

(b) in the case of a smaller relevant body, by the members of the body meeting as a whole, and

following the review, the body or committee must approve an annual governance statement, prepared in accordance with proper practices in relation to internal control.

(4) The relevant body must ensure that the statement referred to in paragraph (3) accompanies—

(a) any statement of accounts it is obliged to prepare in accordance with regulation 7, or

(b) any accounting statement it is obliged to prepare in accordance with regulation 12.

(8) 1988 c. 4.

(9) 1988 c. 41.

(10) 1995 c. 25.

(11) 1999 c. 29.

(12) Section 114 was amended by section 130 of the Greater London Authority Act 1999 (c. 29), S.I. 2002/2237, paragraph 34 of Schedule 4 to the Police and Magistrates' Courts Act 1994 (c. 29), paragraph 66 of Schedule 5 to the Local Government and Housing Act 1989 (c. 42), paragraph 28 of Schedule 6 to the Police Act 1997 (c. 50) and paragraph 48 of Schedule 6 to the Criminal Justice and Police Act 2001 (c. 16).

Accounting records and control systems

5.—(1) Subject to paragraphs (2) and (4), and, in so far as they are not in conflict with this paragraph, to any instructions given by a relevant body to its responsible financial officer, that officer must determine, on behalf of the body, its—

- (a) accounting records, including the form of accounts and supporting accounting records; and
- (b) accounting control systems,

and such an officer must ensure that the accounting control systems determined by that officer are observed and that the accounting records of the body are kept up to date.

(2) The accounting records determined in accordance with paragraph (1)(a) must be sufficient to show and explain a relevant body's transactions and to enable the responsible financial officer to ensure that any statement of accounts or accounting statement which are prepared under these Regulations, comply with these Regulations.

(3) The accounting records determined in accordance with paragraph (1)(a) must in particular contain—

- (a) entries from day to day of all sums of money received and expended by the body and the matters to which the income and expenditure or receipts and payments account relate;
- (b) a record of the assets and liabilities of the body;
- (c) a record of income and expenditure of the body in relation to claims made, or to be made, by them for contribution, grant or subsidy from any Minister of the Crown, a body to whom such a Minister may pay sums out of moneys provided by Parliament or an EU institution; and
- (d) a record of any approval given for the purposes of paragraph (4)(c).

(4) The accounting control systems determined in accordance with paragraph (1)(b) must include

- (a) measures—
 - (i) to ensure that the financial transactions of the body are recorded as soon as, and as accurately as, reasonably practicable;
 - (ii) to enable the prevention and detection of inaccuracies and fraud, and the reconstitution of any lost records; and
 - (iii) to ensure that risk is appropriately managed;
- (b) identification of the duties of officers dealing with financial transactions and division of responsibilities of those officers in relation to significant transactions; and
- (c) procedures to ensure that uncollectable amounts, including bad debts, are not written off except with the approval of the responsible financial officer, or such member of that officer's staff as is nominated by that officer for this purpose.

Internal audit

6.—(1) A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.

(2) Any officer or member of a relevant body must, if the body requires—

- (a) make available such documents and records as appear to that body to be necessary for the purposes of the audit; and
- (b) supply the body with such information and explanation as that body considers necessary for that purpose.

(3) A larger relevant body must, at least once in each year, conduct a review of the effectiveness of its internal audit.

(4) The findings of the review referred to in paragraph (3) must be considered, as part of the consideration of the system of internal control referred to in regulation 4(3), by the committee or body referred to in that paragraph.

PART 3

Published accounts and audit – larger relevant bodies

Statement of accounts

7.—(1) A larger relevant body must prepare, in accordance with proper practices in relation to accounts, a statement of accounts for each year, which must include such of the following accounting statements as are relevant to the functions of the relevant body—

- (a) housing revenue account;
- (b) collection fund;
- (c) firefighters' pension fund;
- (d) any other statements relating to each and every other fund in relation to which the body is required by any statutory provision to keep a separate account.

(2) The statement required by paragraph (1) must include a note—

- (a) demonstrating whether the Dedicated Schools Grant (made under section 14 (power of Secretary of State to give financial assistance for purposes related to education or children etc) of the Education Act 2002(13)) has been deployed in accordance with regulations made under sections 45A (determination of specified budgets of local authority), 45AA (power to require local authorities to make initial determination of schools budget), 47 (determination of schools' budget share), 48(1) and (2) (local authorities' financial schemes) and 138(7) (orders and regulations) of, and paragraph 1(7)(b) of Schedule 14 to, the School Standards and Framework Act 1998(14);
- (b) except in relation to persons to whom paragraph (c) applies, of the number of employees or senior police officers in the year to which the accounts relate whose remuneration fell in each bracket of a scale in multiples of £5,000 starting with £50,000;
- (c) of the remuneration, set out according to the categories listed in paragraph (3), and the relevant body's contribution to the person's pension, by the relevant body during the relevant year of—
 - (i) senior employees, or
 - (ii) relevant police officers,

(13) 2002 c. 32. Section 14 has been amended by section 59 of the Children Act 2004 (c. 31) and paragraph 23 of Schedule 14 to the Education Act 2005 (c. 18).

(14) 1998 c. 31. Section 45A was inserted by section 41 of the Education Act 2002 (c. 32), and was amended by paragraph 3 of Schedule 16 and Part 4 of Schedule 19 to the Education Act 2005, section 202 of the Apprenticeships, Skills, Children and Learning Act 2009 (c. 22), and S.I. 2010/1158. Section 45AA was inserted by paragraph 4 of Schedule 16 to the Education Act 2005, and was amended by S.I. 2010/1158. Section 47 was amended by paragraph 6 of Schedule 16 to the Education Act 2005, and S.I. 2010/1158. Section 48 was amended by paragraph 3 of Schedule 5 and Part 6 of Schedule 18 to the Education and Inspections Act 2006 (c. 40), paragraph 2 of Schedule 3 to the Education Act 2002, paragraph 7 of Schedule 18 to the Education Act 2005, and S.I. 2010/1158. Section 138(7) was amended by paragraph 3 of Schedule 17 to the Education and Inspections Act 2006. Paragraph 1(7) of Schedule 14 was substituted by paragraph 5 of Schedule 5 to the Education and Inspections Act 2006.

in respect of their employment by the relevant body or in their capacity as a police officer, whether on a permanent or temporary basis, to be listed individually in relation to such persons who must nevertheless be identified by way of job title only (except for persons whose salary is £150,000 or more per year, who must also be identified by name).

(3) The categories are:

- (i) the total amount of salary, fees or allowances paid to or receivable by the person in the current and previous year;
- (ii) the total amount of bonuses so paid or receivable in the current and previous year;
- (iii) the total amount of sums paid by way of expenses allowance that are chargeable to United Kingdom income tax, and were paid to or receivable by the person;
- (iv) the total amount of any compensation for loss of employment paid to or receivable by the person, and any other payments made to or receivable by the person in connection with the termination of their employment by the relevant body, or, in the case of a relevant police officer, the total amount of any payment made to a relevant police officer who ceases to hold office before the end of a fixed term appointment;
- (v) the total estimated value of any benefits received by the person otherwise than in cash that do not fall within (i) to (iv) above, are emoluments of the person, and are received by the person in respect of their employment by the relevant body or in their capacity as a police officer; and
- (vi) in relation to relevant police officers, any payments, whether made under the Police Regulations 2003(15) or otherwise, which do not fall within (i) to (v) above.

(4) In this regulation—

“contribution to the person’s pension” means an amount to be calculated as follows—

- (a) in relation to contributions to the local government pension scheme established under section 7 of the Superannuation Act 1972(16), the sum of—
 - (i) the common rate of employer’s contribution specified in a rates and adjustments certificate prepared under regulation 36 (actuarial valuations and certificates) of the Local Government Pension Scheme (Administration) Regulations 2008(17), being the amount appropriate for that body calculated in accordance with the certificate and regulation 39(4) (employer’s contributions) of those Regulations, multiplied by the person’s pensionable pay; and
 - (ii) if applicable, the appropriate sum within the meaning of regulation 40(18) (employer’s payment following resolution to increase membership or award additional pension) of those Regulations;
- (b) in relation to contributions to the firefighters’ pension scheme established under the Fire Services Acts 1947 and 1959(19), the percentage of the aggregate of the pensionable pay calculated for the purposes of paragraph G2(3) and (4) of Schedule 2 to the Firemen’s Pension Scheme Order 1992(20), multiplied by the person’s pensionable pay;
- (c) in relation to contributions to the firefighters’ pension scheme established under the Fire and Rescue Services Act 2004(21), the percentage of the aggregate of the pensionable pay calculated for the purposes of paragraphs (2) and (3) of Rule 2 of Part 13 of Schedule 1 to the Firefighters’ Pension Scheme (England) Order 2006(22), multiplied by the person’s pensionable pay;
- (d) in relation to contributions to police pension schemes established under the Police Pensions Regulations 1987(23) or the Police Pensions Regulations 2006(24), the percentage of pensionable pay specified in regulation 5(1) (police authority contributions) of the Police Pension Fund Regulations 2007(25), multiplied by the person’s pensionable pay;

“employee” includes a member of the relevant body, and a holder of an office under the relevant body, but does not include a person who is an elected councillor, and “employment” is to be construed accordingly;

“relevant police officer” means—

- (e) in relation to a police force maintained under section 2 (maintenance of police forces) of the Police Act 1996(26), the chief constable,
- (f) in relation to the metropolitan police force, the Commissioner of Police of the Metropolis,
- (g) in relation to the City of London police force, the Commissioner of Police for the City of London, and
- (h) any other senior police officer whose salary is £150,000 per year or more;

“remuneration” means all amounts paid to or receivable by a person, and includes sums due by way of expenses allowance (so far as those sums are chargeable to United Kingdom income tax), and the estimated money value of any other benefits received by an employee otherwise than in cash;

“senior employee” means an employee whose salary is £150,000 or more per year, or an employee whose salary is £50,000 or more per year (to be calculated pro rata for an employee employed for fewer than the usual full time hours for the relevant body concerned) who falls within at least one of the following categories—

- (i) a person employed by a relevant body to which section 2 (politically restricted posts) of the 1989 Act applies who—
 - (i) has been designated as head of paid service under section 4(1)(a);
 - (ii) is a statutory chief officer within the meaning of section 2(6)(27) of that Act; or
 - (iii) is a non-statutory chief officer within the meaning of section 2(7) of that Act;
- (j) a person who is the head of staff for any relevant body to which section 4 of the 1989 Act does not apply; or
- (k) a person who has responsibility for the management of the relevant body to the extent that the person has power to direct or control the major activities of the body (in particular activities involving the expenditure of money), whether solely or collectively with other persons; and

“senior police officer” means a member of a police force holding a rank above that of superintendent.

(16) 1972 c. 11.

(17) S.I. 2008/239.

(18) Regulation 40 was substituted by S.I. 2009/3150.

(19) 1947 c. 41 and 1959 c. 44. Both these Acts have been repealed by the Fire and Rescue Services Act 2004 (c. 21) which contained savings in respect of pension schemes established under them.

(20) S.I. 1992/129. Paragraphs G2(3) and (4) were inserted by article 2 of, and paragraph 38(b) of Schedule 1 to, the Firefighters’ Pension Scheme (Amendment) (England) Order 2006 (S.I. 2006/1810). Article 4 of the Firefighters’ Pension Scheme (England and Scotland) Order 2004 (S.I. 2004/2306) changed the name of the scheme from ‘Firemen’s Pension Scheme’ to ‘Firefighters’ Pension Scheme’.

(21) 2004 c. 21.

(22) S.I. 2006/3432.

(23) S.I. 1987/257.

(24) S.I. 2006/3415.

(25) S.I. 2007/1932. Regulation 5(1) was amended by S.I. 2008/1887.

(26) 1996 c. 16.

(27) Section 2(6) was amended by section 18 of and paragraph 3 of Schedule 2 to the Children Act 2004 (c. 31), paragraph 95 of Schedule 37 to the Education Act 1996 (c. 56), and section 127 of the Greater London Authority Act 1999 (c. 29), and was partially repealed by section 180 of and Schedules 13 and 14 to the Local Government etc (Scotland) Act 1994 (c. 39) and Schedule 2 to the Fire and Rescue Services Act 2004 (c. 21).

(5) In the case of a local authority which is required by section 74(28) of the 1989 Act to keep a housing revenue account, the statement of accounts required by paragraph (1) must include also an account in respect of a reserve for major repairs to property of the authority to which section 74(1) of the 1989 Act for the time being applies (to be called a major repairs reserve), showing in particular—

- (a) a credit of an amount in respect of any charge for depreciation included in the housing revenue account for that year under item 8 of Part 2 of Schedule 4 to the 1989 Act;
- (b) a debit in respect of any capital expenditure, within the meaning of section 16 (“capital expenditure”) of the Local Government Act 2003(29), which was—
 - (i) incurred in that year,
 - (ii) met by payments out of the major repairs reserve, and
 - (iii) in respect of any land, houses or other property to which section 74(1) of the 1989 Act for the time being applies, other than capital expenditure for the purpose of demolition of any such property;
- (c) a debit in respect of any repayment, made in that year, of the principal of any amount borrowed where the repayment was met by payments out of the major repairs reserve; and
- (d) a debit in respect of the meeting of any liability, in that year, in respect of credit arrangements, other than any liability which, in accordance with proper practices in relation to accounts, must be charged to a revenue account, where the meeting of that liability was met by payments out of the major repairs reserve.

(6) The Common Council of the City of London must in relation to the accounts referred to in paragraph 2 of Schedule 2 (accounts subject to audit) to the 1998 Act prepare for each year, in accordance with proper practices in relation to accounts, a statement of accounts including—

- (a) a summarised statement of capital expenditure in relation to each of the funds mentioned in that paragraph, differentiated in respect of different services and showing the sources of finance of the year’s total capital expenditure incurred in the period;
- (b) a summarised statement of the income and expenditure of each of those funds; and
- (c) a balance sheet in respect of each of those funds,

and in relation to amounts shown in pursuance of sub-paragraphs (b) and (c) must show any corresponding amounts for the immediately preceding period.

Signing, approval and publication of statement of accounts

8.—(1) A larger relevant body must ensure that the statement of accounts required by paragraphs (1) or (6) of regulation 7, as the case may be, is prepared in accordance with these Regulations.

(2) Before the approval referred to in paragraph (3) is given, the responsible financial officer of a larger relevant body must, no later than 30th June immediately following the end of a year, sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the body at the end of the year to which it relates and of that body’s income and expenditure for that year.

(3) Subject to paragraph (4), a larger relevant body must, no later than 30th September in the year immediately following the end of the year to which the statement relates—

- (a) consider either by way of a committee or by the members meeting as a whole the statement of accounts;

(28) Section 74 was amended by paragraph 24 of Schedule 18 to the Housing Act 1996 (c. 52).

(29) 2003 c. 26.

- (b) following that consideration, approve the statement of accounts by a resolution of that committee or meeting;
 - (c) following approval, ensure that the statement of accounts is signed and dated by the person presiding at the committee or meeting at which that approval was given; and
 - (d) publish (which must include publication on the body's website), the statement of accounts together with any certificate, opinion, or report issued, given or made by the auditor under section 9 (general report) of the 1998 Act.
- (4) The responsible financial officer must re-certify the presentation of the statement of accounts before the relevant body approves it.
- (5) A larger relevant body must keep copies of the documents mentioned in paragraph (3)(d) for purchase by any person on payment of a reasonable sum.

Procedure for public inspection of accounts

9. The procedure for public inspection of accounts for a larger relevant body, mentioned in regulation 22, is that it must make the documents mentioned in that regulation available for public inspection for 20 working days before the date appointed by the auditor under regulation 21.

Notice of public rights

10.—(1) The procedure for a larger relevant body to give notice of public rights, mentioned in regulation 24, is that, not later than 14 days before the commencement of the period during which the accounts and other documents are made available in pursuance of regulation 9, the body must give notice by advertisement and on its website of the matters set out in paragraph (2).

- (2) The matters referred to in paragraph (1) are—
 - (a) the period during which the accounts and other documents referred to in paragraph (1) will be available for inspection in accordance with regulation 9;
 - (b) the place at which, and the hours during which, they will be so available;
 - (c) the name and address of the auditor;
 - (d) the provisions contained in section 15 (inspection of documents and questions at audit)(30) and section 16(31) (right to make objections at audit) of the 1998 Act; and
 - (e) the date appointed under regulation 21 for the exercise of rights of electors.

Notice of conclusion of audit

11. As soon as reasonably possible after conclusion of an audit, a larger relevant body must give notice by advertisement and on its website stating that the audit has been concluded and that the statement of accounts is available for inspection by local government electors and including—

- (a) a statement of the rights conferred on local government electors by section 14 (inspection of statements of accounts and auditors' reports) of the 1998 Act;
- (b) the address at which and the hours during which those rights may be exercised; and
- (c) details of where the statement of accounts can be found on the body's website.

(30) Section 15 was amended by section 161 of the Local Government and Public Involvement in Health Act 2007 (c. 28).

(31) Section 16 was amended by section 161 of the Local Government and Public Involvement in Health Act 2007, and Schedule 6 to the Local Government Act 2000 (c. 22).

PART 4

Published accounts and audit - smaller relevant bodies

Accounting statements

12.—(1) Subject to paragraph (2), a smaller relevant body must prepare for each year either—

- (a) an income and expenditure account and a statement of balances in accordance with, and in the form specified in any Annual Return required by, proper practices in relation to accounts; or
- (b) a statement of accounts prepared in accordance with regulation 7, as if that regulation applied to smaller relevant bodies.

(2) Where in relation to a smaller relevant body, the gross income or expenditure (whichever is the higher) was not more than £200,000 for the year or for either of the two immediately preceding years, the body may, instead of complying with paragraph (1), prepare in accordance with, and in the form specified in any Annual Return required by, proper practices in relation to accounts, a record of receipts and payments of the body in relation to that year.

Signing, approval and publication of accounting statements

13.—(1) A smaller relevant body must ensure that the accounting statements required by regulation 12 are prepared in accordance with these Regulations.

(2) Before the approval referred to in paragraph (3) is given, the responsible financial officer of a relevant body must—

- (a) in a case where the body has prepared a statement of accounts, sign and date the statement of accounts, and certify that it presents a true and fair view of the financial position of the body at the end of the year to which it relates and of that body's income and expenditure for that year;
- (b) in a case where the body has prepared a record of receipts and payments, sign and date that record, and certify that it properly presents that body's receipts and payments for the year to which the record relates; or
- (c) in any other case, sign and date the income and expenditure account and statement of balances, and certify that they present fairly the financial position of the body at the end of the year to which they relate and that body's income and expenditure for that year.

(3) A smaller relevant body must, no later than 30th June—

- (a) consider the accounting statements by the members meeting as a whole;
- (b) following that consideration, approve the accounting statements for submission to the auditor by a resolution of the body; and
- (c) following approval, ensure that the accounting statements are signed and dated by the person presiding at the meeting at which that approval was given.

(4) A smaller relevant body must, no later than 30th September in the year immediately following the end of the year to which the statement relates, either—

- (a) publish the accounting statements by means other than solely by reference in the minutes of meetings, together with any certificate, opinion, or report issued, given or made by the auditor under section 9 (general report) of the 1998 Act; or
- (b) display a notice containing the documents mentioned in sub-paragraph (a) in a conspicuous place or places in the area of the body for a period of at least 14 days.

(5) A smaller relevant body must keep copies of the documents mentioned in paragraph (4)(a) for purchase by any person on payment of a reasonable sum.

Procedure for public inspection of accounts

14. The procedure for public inspection of accounts for a smaller relevant body, mentioned in regulation 22, is that the body must make the documents mentioned in that regulation available for public inspection on reasonable notice, during a period of 20 working days before the date appointed by the auditor under regulation 21.

Notice of public rights

15.—(1) The procedure for a smaller relevant body to give notice of public rights, mentioned in regulation 24, is that it must display, in a conspicuous place or places in the area of the body for a period of at least 14 days immediately prior to the period during which the accounts and other documents are made available under regulation 14, a notice containing the matters set out in paragraph (2).

(2) The matters referred to in paragraph (1) are—

- (a) the period during which the accounts and other documents referred to in paragraph (1) will be available for inspection in accordance with regulation 14;
- (b) details of the manner in which notice should be given of an intention to inspect the accounts and other documents;
- (c) the name and address of the auditor;
- (d) the provisions contained in section 15 (inspection of documents and questions at audit) and section 16 (right to make objections at audit) of the 1998 Act; and
- (e) the date appointed under regulation 21 for the exercise of rights of electors.

Notice of conclusion of audit

16. As soon as reasonably possible after conclusion of an audit, a smaller relevant body must display a notice in a conspicuous place or places in the area of the body for a period of at least 14 days stating that the audit has been completed and that the relevant accounting statements required by these Regulations are available for inspection by local government electors on reasonable notice and including—

- (a) a statement of the rights conferred on local government electors by section 14 (inspection of statements of accounts and auditors' reports) of the 1998 Act; and
- (b) details of the manner in which notice should be given of an intention to exercise the right of inspection.

PART 5

Particular authorities

Passenger Transport Executives

17. A statement of accounts of a Passenger Transport Executive must be prepared as if the proper practices in relation to accounts applicable to a local authority were, so far as appropriate, applicable to an Executive.

Internal drainage boards

18. An internal drainage board must charge to a revenue account an amount equal to the payments and contributions statutorily payable for that year under an arrangement accounted for as a defined benefit pension plan or as other long-term employee benefits (as defined in accordance with proper practices in relation to accounts).

Summary statement of accounts – Greater London Authority

19. The summary statement of accounts which the Greater London Authority (“the Authority”) is required to prepare by section 134 (summary of statement of accounts of Authority) of the Greater London Authority Act 1999⁽³²⁾ must be prepared in accordance with proper practices in relation to accounts and must include—

- (a) a summary of the income and expenditure of the Authority;
- (b) a summary of the income and expenditure of each of the functional bodies and the London Pensions Fund Authority;
- (c) a summary of the capital expenditure of the Authority;
- (d) a summary of the capital expenditure of each of the functional bodies and the London Pensions Fund Authority.

Joint committees etc

20.—(1) Any joint committee, joint board, combined authority or National Park authority to which these regulations apply must deposit with each constituent authority—

- (a) where the committee, board or authority is a smaller relevant body, within the period of fourteen days specified by regulation 16, a copy of the auditor’s report and accounting statements, and
- (b) where the committee, board or authority is a larger relevant body, on giving notice under regulation 11, a copy of the auditor’s report and statement of accounts.

(2) In this regulation, “constituent authority” means any county, district, London borough or parish council for the time being entitled to appoint members of the committee, board or authority in question; and in relation to a National Park authority includes—

- (a) the Secretary of State; and
- (b) Natural England.

PART 6

Audit procedure

Appointment of date for the exercise of rights of electors

21. The auditor must, for the purpose of the exercise of rights under section 15 (right of local government elector to request an opportunity to question the auditor about the accounts) and 16 (right of local government elector to make objections to the auditor) of the 1998 Act, appoint a date on or after which those rights may be exercised, and must notify the relevant body concerned of that date.

(32) 1999 c. 29.

Public inspection of accounts

22. A relevant body notified under regulation 21 must make the accounts and other documents mentioned in section 15 (inspection of documents and questions at audit) of the 1998 Act available in accordance with the procedure specified for larger relevant bodies in regulation 9, or for smaller relevant bodies in regulation 14, as appropriate.

Alteration of accounts

23. Except with the consent of the auditor, accounts and other documents must not be altered after the date on which they are first made available for inspection in pursuance of either regulations 9 or 14.

Notice of public rights

24. A relevant body must give notice of public rights in accordance with the procedure specified for larger relevant bodies in regulation 10, or for smaller relevant bodies in regulation 15.

Written notice of objection

25.—(1) Any written notice of an objection given in pursuance of section 16 of the 1998 Act must state the facts on which the local government elector relies, and contain, so far as possible—

- (a) particulars of any item of account which is alleged to be contrary to law, and
- (b) particulars of any matter in respect of which it is proposed that the auditor could make a report under section 8 (immediate and other reports in public interest) of that Act.

(2) In relation to relevant bodies to which Part 3 of the Local Government Act 2000⁽³³⁾ (conduct of local government members and employees) applies, paragraph (1) applies in respect of matters occurring before such a body first adopted a code of conduct under that Act or such a code was first applied to it, with the addition of particulars of any person from whom it is alleged that the auditor should certify under section 18⁽³⁴⁾ (recovery of amount not accounted for etc.) of the 1998 Act that a sum or amount of loss or deficiency is due and the sum of that amount.

Notice of conclusion of audit

26. A relevant body must give notice of conclusion of audit in accordance with the procedure specified for larger relevant bodies in regulation 11, or for smaller relevant bodies in regulation 16, as appropriate.

Publication of annual audit letter

27. As soon as reasonably possible after receipt of the annual letter from the auditor, the members of the relevant body meeting as a whole or, in the case of a larger relevant body only, a committee of that body, must meet to consider it and following that consideration must—

- (a) publish the annual audit letter received from the auditor; and
- (b) make copies available for purchase by any person on payment of such sum as the relevant body may reasonably require.

⁽³³⁾ 2000 c. 22.

⁽³⁴⁾ Section 18 was repealed by section 90(3) of the Local Government Act 2000 (c. 22). Regulation 25(2) would apply in the event of an historical audit (to which section 18 applied), which has been completed and closed, being re-opened in the event of financial irregularities coming to light.

Extraordinary audit

28. Where, under section 25 (extraordinary audit) of the 1998 Act, the Commission directs an auditor to hold an extraordinary audit of accounts of a relevant body, the body must—

- (a) in the case of a larger relevant body, give notice by advertisement, and
- (b) in the case of a smaller relevant body, display a notice in a conspicuous place or places in the area of the body,

concerning the right of any local government elector for the area to which the accounts relate to make objections to any of those accounts.

Signed by authority of the Secretary of State for Communities and Local Government

Bob Neill
Parliamentary Under Secretary of State
Department for Communities and Local
Government

15th March 2011

SCHEDULE

Regulation 3

| (1) | (2) | (3) |
|--|--------------------------------|--|
| Instruments revoked | References | Extent of revocation |
| The Accounts and Audit Regulations 2003 | S.I. 2003/533 | The whole Regulations |
| The Accounts and Audit (Amendment) Regulations 2004 | S.I. 2004/556 | The whole Regulations |
| The Fire and Rescue Services Act 2004 (Consequential Amendments) (England) Order 2004 | S.I. 2004/3168 | Regulation 67 |
| The Accounts and Audit (Amendment) (England) Regulations 2006 | S.I. 2006/564 | The whole Regulations |
| The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 | S.I. 2006/2914 | Paragraph 4 of Schedule 1 to the Regulations |
| The Offender Management Act 2007 (Consequential Amendments) Order 2008 | S.I. 2008/912 | Paragraph 5 of Schedule 2 to the Regulations |
| The Accounts and Audit (Amendment) (England) Regulations 2009 | S.I. 2009/473 | The whole Regulations |
| The Accounts and Audit (Amendment No. 2) (England) Regulations 2009 | S.I. 2009/3322 | The whole Regulations |

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations make provision with respect to the accounts and audit of bodies whose accounts are required to be audited in accordance with section 2 of the 1998 Act other than a NHS body as defined in paragraph 1 of Schedule 15 to the National Health Service Act 2006, a local probation board or a probation trust ('relevant bodies', see regulation 2). They also make provision in respect of the summary statement of accounts that the Greater London Authority is required to prepare under section 134 of the Greater London Authority Act 1999.

These Regulations replace the Accounts and Audit Regulations 2003 (as amended) which, together with amending Regulations, are revoked.

These Regulations differ in a number of respects from previous Accounts and Audit Regulations. Of particular note among the changes are the following: the increase in the threshold of gross income or gross expenditure for smaller relevant bodies from less than £1 million per year to not more than £6.5 million (regulation 2); changes to the procedures for approving and publishing accounts (regulations 8 and 13); changes to the requirements for the statement of accounts of a Passenger Transport Executive (regulation 17); the separation of procedures governing published accounts and audit for larger relevant bodies from that for smaller relevant bodies in the structure of the Regulations (see Parts 3 and 4); and it is no longer an offence to fail to comply with any aspect of the Regulations.

Part 1 is introductory. Regulation 1 sets out the citation, commencement date of 31st March 2011 and application of the Regulations to England only. Regulation 2 sets out the defined terms used in the Regulations.

Regulation 3 and the Schedule set out the instruments which are, and the extent to which they are, revoked.

Part 2 concerns financial management and internal control. Regulation 4 requires relevant bodies to be responsible for ensuring that the financial management of the body is adequate and effective and the body has a sound system of internal control which they regularly review. Regulation 5 makes provision in respect of the accounting records which are to be kept, and the control systems that must be maintained, by relevant bodies. Regulation 6 makes provision for relevant bodies to maintain an adequate and effective internal audit of their accounting records and system of internal control.

Part 3 concerns the published accounts and audit for larger relevant bodies. Regulation 7 contains the requirements for the preparation of the statement of accounts for a body, regulation 8 the requirements for signing, approval and publication of the statement of accounts by a body, regulation 9 the procedure for the public to inspect the accounts of a body, regulation 10 the procedure for a body to give notice of the public rights relating to the accounts and audit procedure, and regulation 11 the requirement for a body to give notice as to the conclusion of audit and the availability of its statement of accounts for inspection by local government electors.

Part 4 concerns the published accounts and audit for smaller relevant bodies. Regulation 12 contains the requirements for the preparation of accounting statements for a body, regulation 13 the requirements for signing, approval and publication of accounting statements by a body, regulation 14 the procedure for the public to inspect the accounts of a body, regulation 15 the procedure for a body to give notice of the public rights relating to the accounts and audit procedure, and regulation 16 the requirement for a body to display a notice stating that the audit has concluded and that the relevant accounting statements are available for inspection by local government electors.

Part 5 concerns particular authorities. Regulation 17 contains the requirements for the preparation of the statement of accounts of a Passenger Transport Executive. Regulation 18 makes provision as to the accounting treatment of certain payments and contributions statutorily payable by an internal drainage board. Regulation 19 contains the requirements for the Greater London Authority in preparing its summary statement of accounts. Regulation 20 makes provision in respect of joint committees, joint boards, combined authorities and National Park Authorities regarding the deposit of certain documents relating to their accounts and audit with each constituent authority (being an authority entitled to appoint members to the body, and in relation to a National Park Authority includes the Secretary of State and Natural England).

Part 6 concerns audit procedure. Regulation 21 requires the auditor to appoint a date on or after which the rights of local government electors under sections 15 (right to request an opportunity to question the auditor about the accounts) and 16 (right to make objections to the auditor) of the Audit Commission Act 1998 ('the 1998 Act') may be exercised, and to notify the relevant body concerned. Regulation 22 requires a relevant body notified under regulation 21 to make the accounts

and documents mentioned in section 15 of the 1998 Act available in accordance with the procedure specified for the type of relevant body (in either Part 2 or 3 of these Regulations). Regulation 23 provides that, except with the consent of the auditor, that accounts and other documents must not be altered after the first date on which they are first made available for inspection. Regulation 24 requires relevant bodies to give notice of public rights in accordance with the procedure specified in these Regulations. Regulation 25 contains the requirements for any written notice of an objection given in pursuance of section 16 of the 1998 Act by a local government elector. Regulation 26 requires a relevant body to give notice of conclusion of audit in accordance with the procedure specified in these Regulations. Regulation 27 requires a relevant body to consider the annual letter from the auditor, publish it and make copies available for purchase. Regulation 28 provides that, where an auditor has been directed by the Audit Commission to hold an extraordinary audit of a relevant body's accounts under section 25 of the 1998 Act, the body must advertise the right of any local government elector to make objections to any of those accounts.

An impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.

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Originator: Martin Dean

Tel: 2478989

Report of the Assistant Chief Executive Performance Planning and Improvement

Corporate Governance and Audit Committee

Date: 18 April 2011

Subject: Leeds Initiative Partnership and City Planning

Electoral Wards Affected:

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Executive Summary

To update the committee on progress with the development of the new partnership structure, and to seek Members views on those proposals.

1.0 Purpose Of This Report

- 1.1 To update members on progress with the review of the Leeds Initiative partnership arrangements and the associated planning and performance management arrangements in the city, as resolved at the meeting held on 24th January 2011

2.0 Background Information

- 2.1 Following the Executive Boards agreement to the proposals for a revised Leeds Initiative structure and planning framework, officers have been finalizing the proposals with a view to implementation from 1st April 2011.
- 2.2 Leeds Initiative Executive considered the report attached at addendum 1 at its meeting held on 18th March, and the draft minute of that discussion is at addendum 2

3.0 Main Issues

- 3.1 **Membership** – the proposed membership was accepted by the Executive with the addition that there should be two representatives of the private and third sectors

- 3.2 The selection of members is a matter for the organisations concerned, and in the case of Leeds City Council that is through nomination by the Member Management Committee, arrangements that are in place for Leeds Initiative appointments currently. The intention is however that the Leeds Initiative Board should bring together the most senior colleagues and that the Leader of Council shall be the chair, and the leaders of the largest two opposition groups also be members of the board. The actual appointment however remains an issue for the Council.
- 3.3 **Agendas and papers.** It is not proposed to amend the current process. Partnership meetings are conducted in private, but all documents are published on the Leeds Initiative website.
- 3.4 **Powers and accountability.** The minute of the executive discussion makes it clear that there remains a tension between the desire for the Leeds Initiative Board to be a powerful and decisive forum – where proposals can be considered, actions agreed, followed through and partners held to account, and the fact that it is not intended to formally share sovereignty between the partners.
- 3.5 Officers have been asked to convene the board, and at that meeting will propose revised terms of reference which seek to resolve this issue
- 4.0 Implications For Council Policy And Governance**
- 4.1 There are no changes proposed.
- 5.0 Legal And Resource Implications**
- 5.1 There are no formal implications
- 6.0 Recommendations**
- 6.1 Members are invited to comment on the issues and the proposed approach.

Completing the restructure of the Leeds Initiative

Introduction

The purpose of this paper is to set out the next steps in forming the new partnership, and for the Leeds Initiative Executive to agree the actions to be taken including on membership, timescales and the work programme of the new Leeds Initiative Board.

Changes following the Executive Board report of December 2010

Limited changes have been made since the December Executive Board which are for the executive to agree, these are:

- a) While the name 'Main Board' was helpful in the development phase to emphasise the desire to simplify the corporate structure it is suggested that the term 'Leeds Initiative Board' is used.
- b) While recognising the need for co-ordination of the five boards and the Leeds Initiative Board, there is no formal proposal for an executive. Arrangements will be developed to practically address the need for co-ordination.
- c) The diagram at appendix 1 therefore represents the final structure

Membership and terms of reference

Attached at appendix 2 are draft terms of reference for the new Leeds Initiative Board. Representatives will be nominated from each organisation in accordance with that organisations rules, and as a partnership we ask that representation is at the highest level. In the case of the council elected members will be nominated by Member Management Committee in the usual way.

Powers

The partnership does not intend to create a shared sovereignty – whereby the powers of individual partners pass their powers to the partnership. Rather all existing governance remains, and members of the Leeds Initiative Board and the strategic boards will act within those arrangements to produce joint action on a partnership basis

Work programme

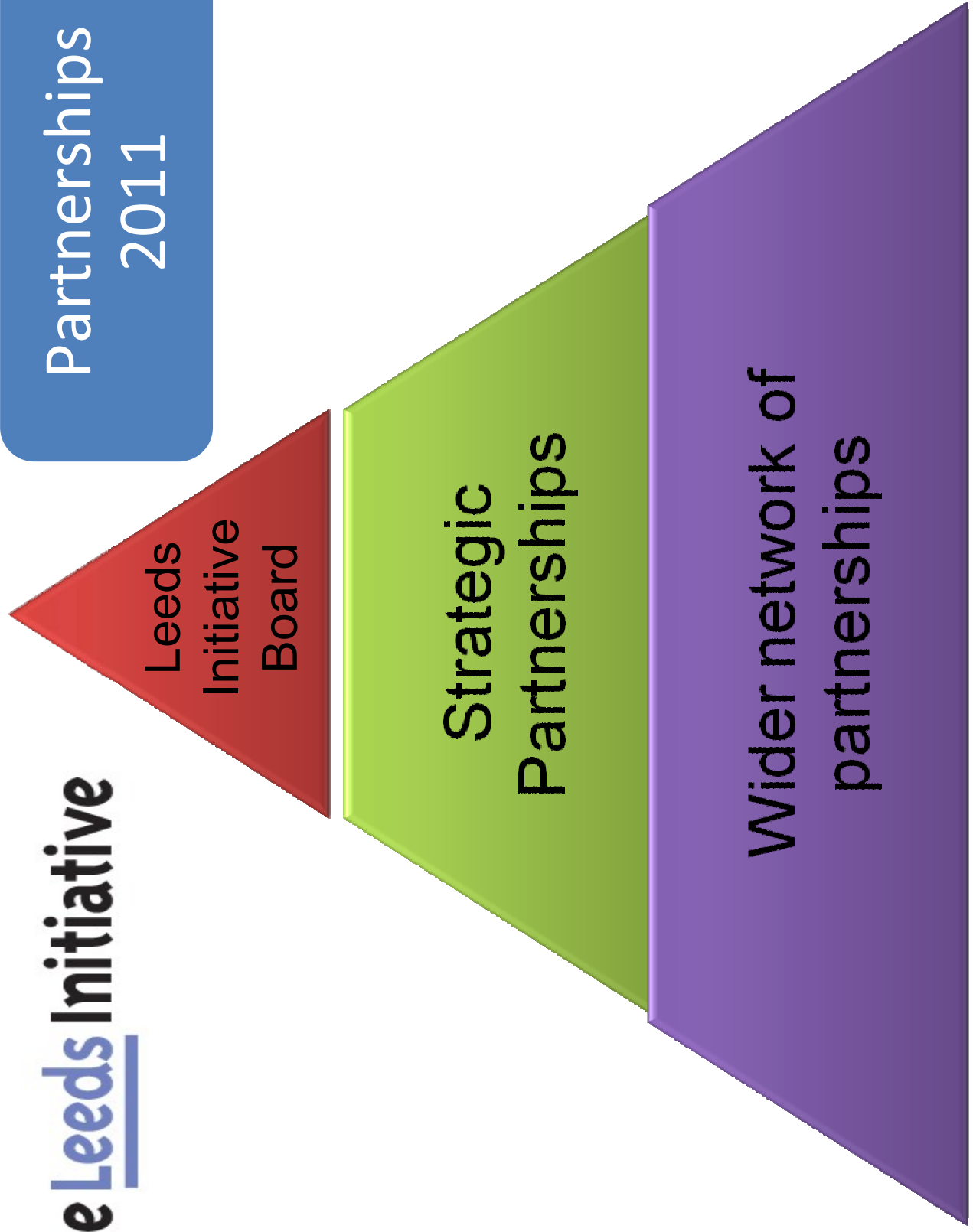
Attached at appendix 3 is a draft work programme for the board, and members are asked to comment and shape its development.

Items selected seek to balance reporting, problem solving and development.

Members are invited to comment and agree the next steps.

the Leeds Initiative

Partnerships
2011



Leeds Initiative Board

Supported by a series of work strands and a work programme

Resources partnership

Locality working and community engagement

Others

Co-ordinated by chairs and officers to bring the strategic partnerships together

Main Partnership Board

Chair – Leader of the Council

2 X Senior opposition Councillors

Chief Executive Leeds City Council

Health Service

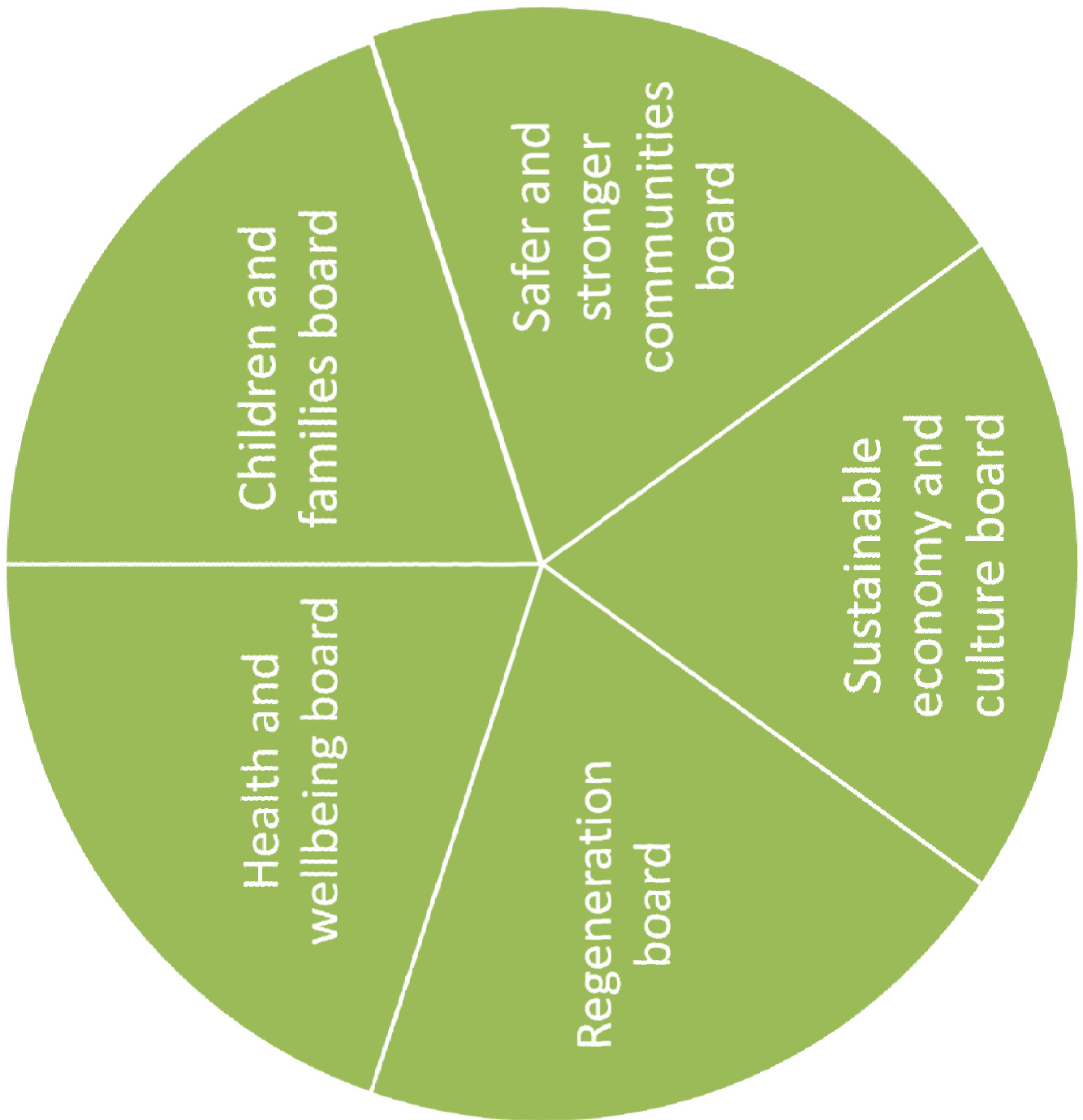
Police Service

Further Education

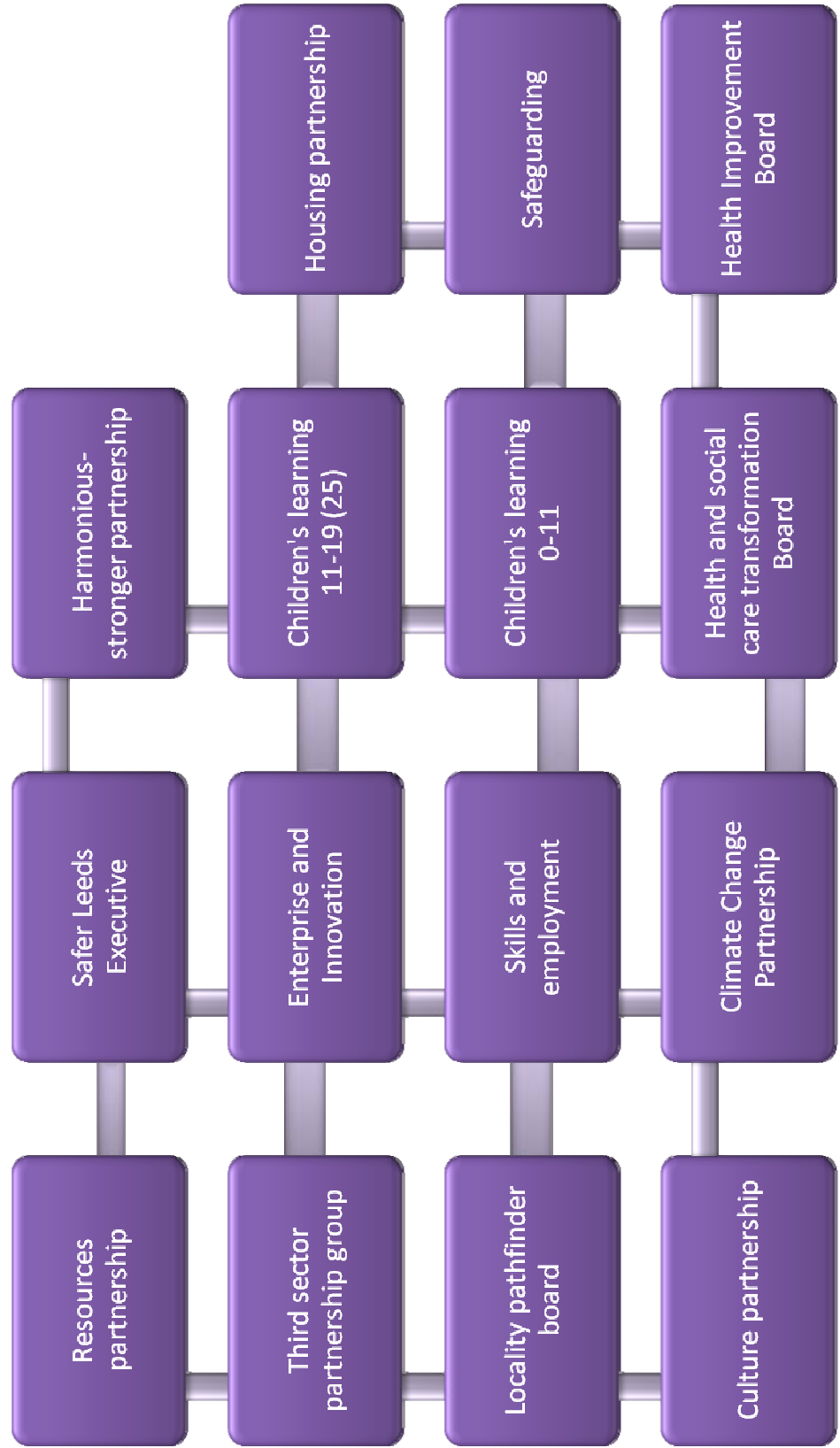
Higher Education

Private Sector

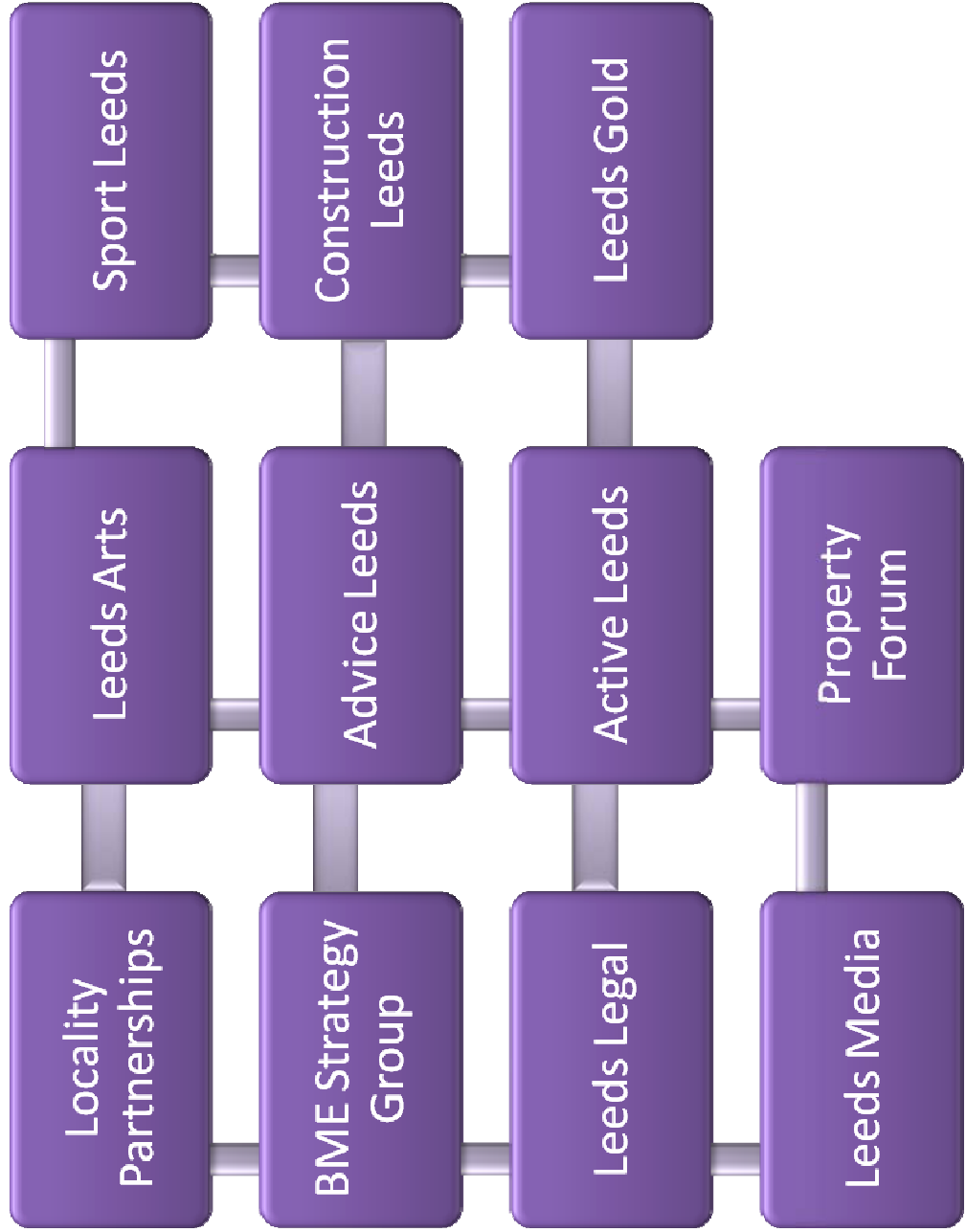
3rd Sector



Wider network of partnerships



Wider network of partnerships



DRAFT Terms of Reference – Leeds Initiative Main Board

Purpose

The purpose of the main board is to provide visible leadership and to support effective partnership work across all aspects of the development of Leeds. In particular its key objective is to join up activities to maximise outcomes, and to create a culture where partnership work in the interests of local people is built into the way all agencies, sectors and organisations act.

Strategic Leadership

The board will be responsible for leading the long-term strategy for the city, including the Vision for Leeds and for the co-ordination of the priorities in the City Priority Plans. The Board will have a particular remit for joining up strategy to deliver action in the interests of local people.

Accountability

The Leeds Initiative is not a separate legal entity. Each partner within the Leeds Initiative retains its own functions and responsibilities. This board provides a focus for the agreement of shared action to make sure that partnership work improves outcomes. To meet this objective this board will performance manage the work of the 5 strategic partnerships and provide support and challenge.

Roles and responsibilities

The chair shall be the leader of Leeds City Council

Executive leadership shall be with the Chief Executive Leeds City Council

Servicing will be the responsibility of the Leeds Initiative Office

Membership

Leader Leeds City Council

Leaders of the main opposition parties Leeds City Council

Chief Executive Leeds City Council

Chief Executive NHS Leeds

Senior West Yorkshire Police officer

Vice Chancellor University of Leeds

Vice Chancellor Leeds Metropolitan University

Chief Executive Leeds City College (Representing FE)

Third Sector Leeds

Leeds Chamber of Commerce

Leeds Initiative Board – DRAFT WORK PROGRAMME

| Meeting date | Programme | Purpose of the board discussion |
|----------------|--|--|
| April/May 2011 | Board (not yet scheduled) | |
| | - Vision approval | To approve the draft vision and recommend its adoption by the council and partners |
| | - Local Enterprise Partnership (LEP) | To explain the progress which has been made by the LCR LEP and to seek local partner engagement – To discuss and agree how the Leeds partners wish to engage with the LCR |
| | - Outcome based accountability | To share understanding of outcome based accountability as a concept – and to consider how it can be applied to the Leeds Partnership work – particularly the implementation of the City Priority Plans |
| | - Health and Wellbeing | To receive a report on the work of this partnership – and the challenges which are faced. To consider actions |
| | - Performance management | Year end highlights 2010/11 |
| 17 July 2011 | Board | |
| | - Locality working | For the board to consider and mandate further work on locality working between the partners. |
| | - Public Sector resources partnership | For the board to consider and mandate further work on joint and shared services – and set out its requirements for the future |
| | - Innovation City | To consider the partnership aspects of this proposal and set out actions to support its delivery |
| | - Supporting private sector job creation | To examine the work of the sustainable economy and culture partnership on this issue |
| | - Jobs and Skills | For the board to consider joint actions in this area |

| | | |
|-------------------------|--|--|
| | - Performance management | Highlight report |
| 06 October 2011 | Board | |
| | - Child friendly city | For the board to reach a shared understanding of this concept from the Vision for Leeds and to consider the actions by partners and partnership boards |
| | - Leeds Gold – seizing the opportunities of 2012 | In the last meeting before the London Olympic year to consider the plans for Leeds Gold and to be certain that all partners are involved |
| | - Housing/Regeneration | To consider the progress of this new board – its operation and impact on delivery |
| | - Performance management | Highlight report |
| 08 December 2011 | Board | |
| | - City of all ages? | For the board to consider joint actions in this area |
| February 2012 | Board (not yet scheduled) | |
| | | |

Extract from the minutes of the meeting of the Leeds Initiative Executive held on 15 March 2011

5. Implementation of the Leeds Initiative Structure

5.1 Martin Dean reminded members of previous discussions about the structure of the Leeds Initiative, and briefed members on the restructure of the Leeds Initiative following approval by the Executive Board on 15 December 2010.

- The current Leeds Initiative Executive will transform to the new Leeds Initiative Board which will convene 4 – 5 times per year.
 - The process of finalising membership of the Board is work in progress. Matters outstanding and for comment include the nature of representation from the third and private sectors; and what level of representation from the health sector would appropriately reflect its importance.
 - Draft terms of reference were presented for members' comments. There is determination that the Leeds Initiative Board will:
 - Provide leadership.
 - Facilitate a joined up approach to partnership activity.
 - Exemplify action-based working.
 - The draft work programme of work centred around:
 - Receiving and approving outputs and evaluating outcomes of activity within the five partnership boards.
 - Consideration of key issues that arise from initiatives across the city in which partnership is a major ingredient of implementation.
 - Ensuring that cross-cutting issues are taken in to account by partnership boards to which they may be relevant.
 - Determine how emerging needs of the city might be best served by new partnerships and activities.
 - There was no disagreement with the considered view that the creation of an Executive below the Board is not the preferred way of ensuring integration across the partnership framework. Members did however re-iterate the critical importance of integration between the Leeds Initiative Board, the five partnership boards, and the array of other partnerships and partners. How this was to be achieved would need to be made clear.
- 5.2 Discussion centred on the role of the Board and in particular its relationship with the five partnership boards and the broader constituency of partnerships and partners.
- 5.2.1 Accountability
- There was extensive debate about how to achieve a balance between the inevitability

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that sovereignty of individual partners could not be surrendered to the Board and the consequent danger that lack of decision making capability could relegate the Board to a talking shop. This conflicted with the underlying aim of action based working.

- There was a view that there was insufficient emphasis on meeting well-defined objectives. Specifics might include holding the strategic partnership boards to account. To this end it could be helpful to have a "city priority plan" where cross-sector issues are identified, delivery criteria are specified, and progress of the five partnership boards in addressing those issues can be monitored by the Board.
- Reflecting similar sentiments was the view that restructuring was driven by the perceived need for the Board to have the authority and responsibility to change things. It was not clear that the terms of reference yet captured this imperative and adequately conveyed the sense that the Board has oversight of the five partnership boards which are answerable to it.
- Recognition of this oversight function will be important in signalling the significance of the new structure, the new expectations regarding total focus on actions, outputs and outcomes, and the importance therefore of regular, consistent and high level participation by all partners involved in delivery of services.
- The chair summarised this part of discussions:
 - There is an overwhelming support for action and results based working.
 - To be successful this will require a change in the current predominant style and culture of working; and this will take time.
 - It would be helpful to identify priority (cross-cutting) issues that extend across more than one partnership board and which this Board could focus on initially in order to demonstrate the role it intends to take, and establish the relationship it intends to develop with the five partnership boards. Candidates include:
 - Transport
 - Training
 - Skills development
 - Un/under employment

5.2.2 Achieving the culture change to underpin a new environment in which strategy is recast as actions; and the executive machinery concentrates on the latter with respect to achievement of desired outcomes.

- Members identified a need for a more regularised relationship between the Board and:
 - the main organs on decision making within the Leeds City Council, in particular with the Executive Board and with the Corporate Leadership Team (CLT)
 - between partners and Leeds City Council, the latter including elected members.

5.2.3 Relationship with elected members

- With the renewed emphasis on service delivery through more effective locality working

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members were invited to reflect on how we can better organise ourselves with respect to accountability for better service delivery and engage more pro-actively with elected members and the activity in their Wards.

- Members identified the following needs:
 - To link the work of the Board with locality working as a primary vehicle for change, and the means by which we remain focussed on action and delivery.
 - To talk up the role of partnership working in general and the pivotal role of the Leeds Initiative Board in particular. People generally need to be better informed; and to share the dream.
 - Pro-actively to engage with organisations and individuals involved in delivery of services; and with elected members and senior officers of the Council.

5.2.4 Continuity of partner involvement

- It was suggested that the nomination of individuals to deputise for designated members might facilitate continuity and consistency of participation.

5.2.5 Third Sector representation

- Some uncertainty currently surrounds the extent to which third sector is able to engage in the formulation of some of the five partnership boards. It was suggested that the Third Sector Partnership group would be the best vehicle for such issues to be surfaced and actioned.
- It was agreed that representation about third sector involvement should be made to the Safer Stronger Communities board, and to the Sustainable Economy and Culture board.

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5.2.6 Other matters discussed by the board:

- To consider whether the designation of co-chairs (Leeds City Council/Partner) would both improve the continuity of the work of the group and manifest the aspiration of integrated working.
- In the rebuild of the Safer Stronger Communities board to take care to ensure that neither dominates.

5.3 Agreed actions

5.3.1 Membership was agreed as drafted, and the board shall be convened

MD

5.3.2 Terms of reference be re-drafted taking account of members' comments.

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5.3.3 Draft a letter to go from the chair to prospective partners/members to convey to them the underlying aims and aspirations of the new Leeds Initiative Board, and what we have determined as the essential ingredients of success including consistency, frequency and level of participation.

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5.3.4 The City Council team to determine how we accommodate the issues raised by members.

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Report of Director of Resources

Report to the Corporate Governance and Audit Committee

Date: 18th April 2011

Subject: Report writing guidance and template

Report author: Amy Kelly

Contact telephone number: 0113 39 50261

Does the report contain information which has been identified as confidential or exempt?

Yes (if exempt, please see the public interest test in section 4)
Relevant section of the report: n/a
In accordance with Access to Information Procedure Rule: n/a

No, this report does not contain information identified as confidential or exempt.

Is the decision eligible for call-in? Yes No – exempt Not applicable

Summary of main issues and corporate governance considerations

1. The purpose of this report is to seek comments from the Corporate Governance and Audit Committee on the revised report writing guidance and template, attached as Appendix 1. It is proposed that this revised guidance and template comes into effect from the start of the 2011/12 municipal year.
2. The current report writing guidance was initially produced on 25th August 2006, and was last revised in March 2010. Therefore it is timely to conduct a thorough review of the guidance to ensure it is fit for purpose and reflects the Council's current decision making procedures.
3. As a result of this review the guidance has been amended to more closely reflect the decision making requirements in the Constitution and to focus on the current risk areas to the Council's decision making, such as equality and diversity and cohesion and integration.

Recommendations

4. Members are asked to comment on the revised report writing guidance and template attached as Appendix 1.

1 Purpose of this report

- 1.1 The purpose of this report is to seek comments from the Corporate Governance and Audit Committee on the revised report writing guidance and template, attached as Appendix 1. It is proposed that this revised guidance and template comes into effect from the start of the 2011/12 municipal year.
- 1.2 To illustrate this, this report has been produced as an example of the proposed new template.

2 Background information

- 2.1 The current report writing guidance was initially produced on 25th August 2006, and was last revised in March 2010. Therefore it is timely to conduct a thorough review of the guidance to ensure that it is fit for purpose and reflects the Council's current decision making procedures.
- 2.2 As a result of this review the guidance has been amended to more closely reflect the decision making requirements in the Constitution and to focus on the current risk areas to the Council's decision making, such as equality and diversity and cohesion and integration.

3 Main issues

3.1 The proposed report template

- 3.1.1 Under the revised guidance it is proposed that there be one template for reports to Council Committees (save for those referred to in paragraph 4.9.2). It is also proposed that all delegated decision reports to officers be on the revised template.
- 3.1.2 The new template prompts report authors to include all the relevant information about the issue under consideration, especially the main risks and corporate governance implications associated with the decision.
- 3.1.3 The report author is now prompted to provide the following details in relation to the issue:
 - Any risks associated with the issue under consideration and how these will be managed
 - If the report is exempt, why it is in the public interest to maintain the exemption
 - If the issue is a key decision, whether it has been included on the forward plan, and if not, confirmation that the relevant notification requirements have been complied with
 - If the report is exempt from call-in, on what basis it is exempt
 - Constitution and legal matters
 - Resource and financial implications
 - Any implications for equality and diversity, cohesion and integration, including supporting impact assessments or screening forms
 - Impacts on other Council policies and City Priorities (detailed in the Council's Policy Framework and elsewhere); and
 - Consultation undertaken with stakeholders (including Ward Members) and the general public.

3.1.4 The new template therefore provides a framework from which greater assurances can be provided to decision takers, and to the general public, that the most significant corporate governance considerations have been taken in account.

3.2 Launching the revised guidance and template

3.2.1 It is proposed that the template and revised guidance come into effect from the start of the next municipal year. Approximately 150 frequent report authors have been identified who will require a briefing on the new arrangements. Sessions lasting around half an hour have been offered to these officers during May 2011. During these sessions report authors will be introduced to the new guidance and template.

3.2.2 These launch sessions may also be supplemented by a short e-learning package for those officers unable to attend, less regular report authors, or those who join the Council after May 2011. Work is ongoing to explore this as a possibility in view of current budgetary constraints.

3.2.3 The revised guidance and template will also be available from the intranet and report authors will be sent a link to the guidance by the relevant Committee Clerk.

4 Corporate governance considerations

4.1 Risk management

4.1.1 Adoption of the revised template will help contribute to the consideration of risk management matters in reports.

4.2 Public Interest Test

4.2.1 There is no information within this report which has been identified as exempt, and therefore applying the public interest test is unnecessary.

4.3 Forward Plan

4.3.1 The recommendations in this report do not relate to a key decision and therefore prior notification on the Forward Plan is not necessary.

4.4 Scrutiny process: Call-In

4.4.1 The Corporate Governance and Audit Committee is requested to comment on the proposed changes in advance of the Head of Governance Services taking a significant operational decision. As such call-in will not be applicable to the Committee's resolution or the subsequent decision of the Head of Governance Services.

4.5 Constitution and legal matters

4.5.1 The Corporate Governance and Audit Committee is authorised by full Council to review the adequacy of policies and practices to ensure compliance with statutory and other guidance, the Committee is also authorised to review the adequacy of the Council's corporate governance arrangements (including internal control arrangements and risk

management). As such, consideration of this matter falls within the Committee's terms of reference.

4.5.2 Article 13 of the Council's Constitution sets out the factors which should be taken into account as part of decision making. The revised guidance makes full reference to these requirements.

4.5.3 Application of the revised guidance and use of the revised template will help mitigate the risk of legal challenge to the Council's decisions on the grounds that not all the relevant factors were taken into consideration.

4.6 Financial and resource implications

4.6.1 There are minor resource implications in relation to the launch sessions being provided on the revised guidance and template, and these can be met from within existing resources. The resource implications in relation to the proposed e-learning course are still being explored.

4.7 Equality and diversity and cohesion and integration

4.7.1 No issues have been identified, and as the report is not related to a Key or Major decision, an equality screening form is not specifically required.

4.8 Council policies and City priorities

4.8.1 The proposed Council Business Plan for 2011-2015 contains a number of cross-Council priorities and indicators. The revised report template will allow Governance Services to monitor progress against two of these priorities. These are:

| Council value | Improvement priority | Measure / Target |
|--------------------------|---|--|
| Working with communities | We will consult with local people on changes that may affect their lives. | Percentage of key and major decisions which have evidence that consultation has taken place with local people. |
| Treating people fairly | Equality and Diversity and Cohesion and Integration (EDCI) Impact Assessments influence Council policy and decision making. | Percentage of key and major decisions for which there is a completed EDCI Impact Assessment or screening form. |

4.8.2 It is anticipated that reliable data will be available from relevant reports to monitor the above targets from quarter three of the 2011/12 municipal year.

4.9 Consultation

4.9.1 Consultation on the contents of the revised guidance has taken place with the Chair of the Corporate Governance and Audit Committee, the Assistant Chief Executive, the Head of Equality, the Principal Risk Management Officer, the Corporate Risk Management Group, Corporate Governance Board, the Head of Scrutiny and Member

Development, the Corporate Consultation Manager, and members of the Corporate Leadership Team.

- 4.9.2 Discussions have also taken place with lead officers for various committees to establish whether the report writing guidance and templates are suitable for their Committee. Following such discussions, it is considered that reports to Plans Panels and the Licensing Committee and its Sub-Committees should not be included in the guidance because of the different factors which need to be taken into account in their decision making, such as the licensing objectives and development issues. The officers responsible for these Committees will now develop their own guidance and templates for report authors to use.

5 Recommendations

- 5.1 Members are asked to comment on the revised report writing guidance and template attached as Appendix 1.

6 Background documents

- 6.1 Council Business Plan 2011-2015
- 6.2 Leeds City Council – Guidance to Report Authors (last updated March 2010)

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Guidance for officers writing reports to committees or to support delegated decisions



This guidance has been created to accompany the revised report template for reports submitted to a Committee¹, the Executive Board, or to an officer taking a key, major or other delegated decision.

The guidance seeks to emphasise particular corporate governance issues, either because there is a particular statutory obligation for the council to do so or because there is a Leeds City Council policy on the matter.

Format of reports

There is only one report template. There is an annotated version of the template attached as an appendix to this guidance, this contains specific guidance on each section of the template and is written in blue italicised text.

Work is ongoing to enable you to access the blank report template via Microsoft Word through the Council's network. In order to access this template follow this path: click on the 'File' menu >> select 'New' >> click on the 'General' tab >> select 'Report template.dot' >> make sure the radio button underneath the heading 'Create New' in the dialogue box is set to 'document', then press 'ok'. This should open the new document from the template.

There will also be a blank template available through the Council's intranet site alongside this guidance.

Completed reports must be emailed to the relevant committee clerk (see the section on submitting your report for contact details). If appendices are produced in a different program such as Excel, or if a Word document needs to show track changes, please convert these documents into a Adobe PDF documents before submitting them.

Please avoid attaching lengthy documents as appendices to the report. Instead please summarise the contents, and explain where members of the committee might obtain more information. Usually this would be from you as the author, via the committee clerk, or via an internet reference.

All reports should be written in plain English using the Council's house style, and be as concise as possible. You can access advice on these subjects through the intranet (Home >> interest Areas >> corporate communications >> plain english).

Clearance process

Most formal Committee meetings have a clearance process for the agenda, usually consisting of an officers' co-ordination meeting and a briefing meeting for the Chair of the Committee. The committee clerk will inform you whether you need to attend the pre-meetings and if there are any amendments to your report following these meetings.

¹ Excluding Plans Panels, Licensing Committee, and Licensing Sub-Committees – these committees have tailored templates and guidance provided through the Chief Planning Officer and Chief Officer (Legal, Licensing and Registration) respectively.

You should ensure that the officer whose name the report is submitted, (usually a Director, Chief Officer or Head of Service), has cleared the report. Those reports which affect more than one directorate, and/or are being presented as joint reports, must be cleared by both responsible officers.

Some directorates also operate their own clearance processes and you are responsible for ensuring that your report has been cleared by all the relevant people prior to being submitted to Governance Services.

Submitting your report

In order to submit your report to the relevant meeting and discuss timescales for your report, you will need to contact the relevant committee clerk within Governance Services. The relevant contacts are listed below for your information:

| Contact name | Contact details | Relevant Committee |
|-----------------|---|---|
| Kevin Tomkinson | kevin.tomkinson@leeds.gov.uk 0113 24 74357 | Full Council, Executive Board, Development Plans Panel, Executive Board – Access to Information Appeals Committee, Employment Committee, Delegated decisions by officers, Joint Plans Panel, Area Committees, Scrutiny Boards |
| Andy Hodson | andy.hodson@leeds.gov.uk 0113 22 43208 | General Purposes Committee, Corporate Governance and Audit Committee, Corporate Governance Board, Standards Committee, Member Management Committee |

Contact for further information

If you have any questions about this report writing guidance please contact Andy Hodson, Head of Governance Services, on (0113) 22 43208 or email: andy.hodson@leeds.gov.uk.

Corporate governance considerations

Decision makers must be able to make an informed judgment and reach a reasoned decision on matters presented to them. Decisions have been successfully appealed through the courts on grounds such as: evidence not being presented fully within a report; the legal position being inaccurately summarised; or the decision maker taking into account an irrelevant consideration.

Article 13 of the Constitution sets out that all decisions of the authority, whether made by Council, Executive Board, Committees or officers, will be made in accordance with the following principles:

- Proportionality (i.e. the action must be proportionate to the desired outcome), including value for money
- Due consultation and the taking of professional advice from officers
- Respect for human rights
- A presumption in favour of openness
- Clarity of aims and desired outcomes
- An explanation of the options considered and details of the reasons for the decision
- Natural justice
- Positive promotion of equality of opportunity

Therefore all reports need to be consistent in their style and format to ensure that all aspects of the decision are covered, and from a corporate governance point of view the following are of significance.

Risk management

You must explain the significant risks in relation to each of the options identified and considered in your report. This should cover the risks of going ahead with the decision or preferred option and also of not proceeding with it.

If a detailed risk assessment has been carried out and documented in a risk register, the register or a summary of it may be attached as an appendix to your report (or referenced as a background document).

Further risk management guidance is available from the Council's Risk Management Unit (RMU) and on the Risk Management pages on the Council's intranet site (Home >> Interest Areas >> Risk Management).

Access to information and the public interest test

Members of the public are entitled to:

- attend meetings of full Council, any of its Committees, and meetings of the Executive Board;
- inspect copies of agendas and reports before the meeting;
- inspect records of key or major decisions made by officers.

Prior to submitting a report you must consider whether the report contains any exempt or confidential information. There is a presumption in favour of openness, but if confidential or

exempt information is identified, such information should be placed in an appendix to the main report. This allows as much information as possible to remain in the public domain.

The categories of confidential and exempt information are listed in paragraphs 9.2 and 10.4 of the Access to Information Procedure Rules. The Access to Information Procedure Rules can be found in Part 4 of the Constitution which can be found on the Council's intranet site (Home >> interest areas >> former departments >> chief executive's department >> council and democracy >> corporate governance >> constitution), where you can download Part 4 as a PDF document.

If your report contains exempt or confidential information you must make this clear on the front page of the report and provide details of the relevant category of confidential or exempt information being relied upon.

Public Interest Test

If the report, or part of the report, is confidential, it is not necessary to consider the public interest test. This is because the public must be excluded from meetings whenever it is likely that confidential information would be disclosed. Likewise public access to reports and background documents would also be excluded.

However, if some of your report is to be treated as exempt, as opposed to confidential, you must set out why the public interest in maintaining the exemption outweighs the public interest in disclosing the information. If the report is to a committee, it will be up to the committee to decide whether to maintain the exemption and exclude the public from the meeting, or to publish the information.

You may wish to consider the following factors in relation to the public interest:

- Furthering the understanding of and participation in the public debate of issues of the day. This factor would come into play if disclosure would allow a more informed debate of issues under consideration by the local authority.
- Promoting accountability and transparency by public authorities for decisions taken by them. Placing an obligation of authorities and officials to provide reasoned explanations for decisions made, will improve the quality of decisions and administration.
- Promoting accountability and transparency in the spending of public money.
- Allowing individuals and companies to understand decisions made by public authorities affecting their lives and, in some cases, assisting individuals in challenging those decisions.
- Bringing to light information affecting public health and public safety.

Where prompted in the 'Corporate governance considerations' section of the report, you should detail why the information has been classified as exempt, and what factors the Committee should consider in deciding whether it would be in the public interest to maintain the exemption or not. An example wording is:

"The information in this report / in Appendix X of this report has been identified as exempt because (*insert explanation with reference to the category identified on the first page e.g. the appendix contains personal information about a member of the public*). The information is exempt if and for so long as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Members may wish to consider the following factors in relation to the public interest..."

The Forward Plan

All proposed Key Decisions (as defined in Article 13 within Part 2 of the Constitution) need to be included on the Council's Forward Plan. This sets out the Key Decisions to be made by the Executive Board, Area Committee, or officers over the next four months and is updated on a monthly basis. The Forward Plan explains who will take the decision, when it will be taken, the consultation process, and how a person can make representations on the matter before the decision is made. The Forward Plan can be found on the Council's website (www.leeds.gov.uk >> council publications >> democracy >> forward plan), and for more information about the Forward Plan see the Access to Information Procedure Rules, contained in Part 4 of the Constitution.

There are two reasons why a Key Decision does not need to be included in the Forward Plan. These are:

1. **General Exception.** If a Key Decision has not been included on the Forward Plan it can still be taken, so long as:
 - The decision cannot be deferred until it has been included in the next Forward Plan
 - The Monitoring Officer has informed the Chair of the relevant Scrutiny Board, or alternatively each Member of the Board, in writing, by notice, giving details of the proposed decision
 - The Monitoring Officer has made a copies of that notice available to the public at offices of the Council; and
 - The decision maker must wait until five days have elapsed since the Monitoring Officer issued the notice.

2. **Special Urgency.** If the Key Decision is so urgent that five days notice cannot be provided, then the decision can only be taken if the decision maker (either an officer or the Chair of the relevant Board or Committee), obtains the agreement of the Chair of the relevant Scrutiny Board that the decision is so urgent that it cannot be reasonably deferred. If the Chair of the Scrutiny Board is unavailable, then the agreement of the Lord Mayor (or in their absence, the Deputy Lord Mayor), must be obtained.

If your report is asking an officer or a Board or Committee to take a Key Decision, you must explain whether the decision has been included in the Forward Plan, and if not, explain the reasons why with reference to the above exceptions and whether the relevant conditions have been met. The report template provides space for this under the section headed 'Corporate governance considerations'. If the report is not in relation to a Key Decision, you might wish to indicate:

"The recommendations in this report do not relate to a key decision and therefore prior notification on the Forward Plan is not necessary."

Scrutiny process: Call-in

Scrutiny Boards have the right to 'call-in' certain decisions. This means that they can ask the decision-maker to think again, or to refer the decision to the full Council if it is believed that the decision-maker has taken a decision in contravention of the Council's budget and policy framework.

The following types of decisions are open to call-in:

- All decisions of the Executive Board and all decisions taken by Area Committees (in relation to area functions delegated to them by the Executive Board)
- All Key Decisions taken by officers
- All Major Decisions taken by officers.

There is a window of five working days between publishing and implementing a decision when a call-in can be requested.

The call-in process is explained in detail within the Scrutiny Board Procedure Rules and in Guidance Note 3 'Calling in of decisions' (both in Part 4 of the Constitution). Both documents can be found on the Constitution page on the Council's intranet site (Home >> interest areas >> former departments >> chief executive's department >> council and democracy >> corporate governance >> constitution), where you can download Part 4 as a PDF document.

However, decisions might not be subject to call-in if an exemption applies. The report template therefore prompts you to identify whether the decision would be eligible for call-in. If an exemption applies to the decision you must indicate that the decision is not eligible for call-in on the front page of the report and go on to explain the exemption later in the 'Corporate governance considerations'.

The decision can be exempt from call-in on one of two grounds:

1. That delaying the decision would seriously prejudice the Council's or the public's interests. In such cases you must specify:
 - What the implications would be if the decision were to be delayed by the operation of the calling-in mechanism
 - Why the decision could not have been taken earlier so as to have been eligible for calling-in.
2. The decision has been declared exempt on the grounds that it has previously been the subject of a call-in. In such cases you must specify:
 - The date on which the original decision was taken
 - The outcome of the previous call-in.

Alternatively, if the decision is not a key or major decision (or an executive decision made by the Executive Board or an Area Committee), you should indicate that call-in is not applicable on the front page of the report, and go on to explain why in the 'Corporate governance considerations' section.

Constitution and legal matters

You must satisfy yourself that the decision making body or relevant officer has the power or authority to make the proposed decision. In relation to Committees, Boards or Panels you should check the appropriate Terms of Reference within Part 3 of the Constitution. Please note that there are two sets of terms of reference, depending on whether the committee carries out council or executive functions.

In relation to decisions being made by officers, you should check the appropriate delegation scheme (either council or executive) also within Part 3 of the Constitution, or the appropriate sub-delegation scheme in cases where the officer has been given authority to make the decision by the relevant Director or Chief Officer. Sub-delegation schemes can be found on the Council's intranet site (Home >> interest areas >> former departments >> chief executives department >> council and democracy >> corporate governance >> sub-delegation schemes).

You should also consider any potential legal implications arising from their report, and where these are significant, seek advice from the relevant Legal Officer as soon as possible during the report writing process. Where legal advice has been provided, the designation of the officer giving that advice should be provided in your report.

Details of the Legal Officers assigned to specific committees can be found on the Council's intranet site (Home >> interest areas >> former departments >> chief executives department >> reference documents >> allocation of officers to committees and other bodies).

Partnerships

If your report is requesting approval for Leeds City Council to enter into a partnership, the partnership's governing document must be attached as an appendix to the report.

For further guidance on governing documents, please see the Toolkit for Partnership Governance which is available on the Council's intranet site (Home >> interest areas >> former departments >> chief executive's department >> council and democracy >> corporate governance >> partnership governance).

Financial and resource implications

If the subject of your report has significant financial implications then these must be discussed with the appropriate Financial Management Team. Contact details for the relevant Financial Management Team can be found on the Council's intranet site (Home >> interest areas >> finance >> organisational).

In circumstances where your report has financial implications the report must make these clear and distinguish between capital and revenue implications. A statement must be included as to where the financial provision exists within the approved budget/capital programme to undertake the action proposed. Your report must also make clear if there is estimated to be a further or full year effect on the proposals in subsequent years, together with the proposed source of funding. Where funding sources cannot be identified, you must make clear that resources will need to be identified to fund the proposed action and the recommendations of the report must also reflect that they are subject to appropriate funding being identified. All such references must be referred to the Director of Resources for advice.

In instances where funding is being provided by grants or subsidies, particularly where these are time limited, full details of expenditure and income must be given, and the time limits specified.

The term 'resources' also includes human resources and so any implications for staff also need to be explained under this heading.

Equality and Diversity and Cohesion and Integration

Under equality legislation, the Council has a legal duty to pay 'due regard' to the need to eliminate discrimination and promote equality in relation to:

- Race
- Disability
- Gender, including gender reassignment
- Age
- Sexual Orientation
- Pregnancy and maternity
- Religion or belief.

The Council also has a duty to foster good relations, and to consider the impact of its decisions on human rights. The law requires that this duty to pay 'due regard' is demonstrated in the decision making process. Therefore your report should contain a statement as to whether the recommendation has a particular impact on any of the above groups.

In some cases you may have to carry out an Equality, Diversity, Cohesion and Integration Impact Assessment (EDCI). There is further guidance available from the Equality Team as to when an EDCI impact assessment is required, and how an assessment can be carried out (Home >> interest areas >> former departments >> chief executives department >> planning policy and improvement >> equality team >> equality diversity and community cohesion impact assessments).

Using the screening process outlined in the guidance will help you to determine the relevance of proposals and decisions to equality, diversity, cohesion and integration and whether an impact assessment will be required. The use of the screening process is important as the Council may need to rely on this documentation if the decision is challenged at a later date. Whether it is proportionate for the Council to conduct an assessment of a decision depends on its relevance to the Council's particular function and its likely impact.

If the report relates to a key or major decision, you must undertake an initial screening to establish whether a full impact assessment is required. Where the screening process results in there being no need for a full impact assessment, you must reference the screening form as a Background Document.

If the initial screening identifies the need for an impact assessment then the assessment must be referenced 'Background documents' section of the report. If the impact assessment shows the potential for an adverse impact on a particular group, the Council may still be able to proceed with the policy or decision, as long as the Council has taken or considered steps to mitigate any adverse impacts. However, if a policy or decision amounts to unlawful discrimination the policy or decision would have to be stopped or amended. In any event, the report must make reference to the outcome of the completed impact assessment and what has changed as a result of it.

The percentage of completed impact assessments or screening forms referenced in reports (in relation to key or major decisions) will be monitored by Governance Services, and the results used to measure progress against the cross Council priorities and indicators in the Council's Business Plan.

For more information please contact the Equality Team on: (0113) 247 4190 or email: equalityteam@leeds.gov.uk or visit the equality and diversity pages on the Council's website: www.leeds.gov.uk/equality.

Council policies and city priorities

You must consider how the proposals in the report contribute to the existing targets and priorities set out in Council's Policy Framework. This framework is detailed in Article 4 of the Constitution, and from 26th May 2011 the following policies constitute the Council's policy framework:

- Safer and Stronger Communities Plan
- Development plan documents
- Licensing Authority Policy Statement
- Local Transport Plan
- Plans and alterations which together comprise the Development Plan
- Vision for Leeds
- Youth Justice Plan
- Council Business Plan
- Children and Young Peoples Plan
- Health and Wellbeing City Priority Plan
- Sustainable Economy and Culture City Priority Plan
- Climate Change Strategy; and
- Regeneration City Priority Plan.

In addition you should be mindful of the Council's wide range of other policies, plans and strategies, such as those relating to sustainability.

Any positive or negative implications in relation to these policies or priorities should be fully explained with the report.

Consultation²

You should consider the extent to which consultation on the proposals in your report is necessary. In particular you should examine the opportunities relevant communities and stakeholders (including Ward Members or other groups of Councillors) have had to influence the options being presented in your report.

Your report must include details of any internal or external consultation processes undertaken. Any reports or records arising from the consultation must be referenced in the 'Background documents' section of your report, for example by clearly signposting to the record of the consultation on the Council's Talking Point database. For more information on Talking Point, including lists of trained users, see the 'Talking Point' intranet page.

Where it is not possible to provide evidence of consultation, or if consultation has not been necessary, please briefly state why.

The percentage of reports in relation to key or major decisions which make reference to consultation with local people will be recorded by Governance Services and the results used

² Consultation may have been done in the recent past and still be relevant to the matter being considered

to measure progress against the cross Council priorities and indicators in the Council's Business Plan.

If your report contains proposals in relation to the Budget and Policy Framework, you must include details of the nature, extent and results of the consultation with stakeholders and relevant Scrutiny Board(s). The requirements for consultation, and how this process should be publicised, are set out in the Budget and Policy Framework Procedure Rules (in Part 4 of the Constitution).

Background documents

Section 100D of the Local Government Act 1972 gives the public a right to inspect background papers for reports. As author of the report you must set out at the end of the report a list of the documents which you have relied on in writing the report, or which contain facts or matters on which the report (or an important part of the report), has been based. These documents must be retained by you for a period of four years.

Report of *(insert name of Lead Officer: usually a Director, Chief Officer or Head of Service)*

Report to *(insert name of Committee or job title of the decision maker)*

Date: *Insert the date of the meeting*

Subject: *If this is a long running issue, it is helpful to use a consistent title so that people can accurately search for your reports and easily trace the decision*

Report author: *Insert your name* **Contact telephone number:** *Insert your contact details*

Does the report contain information which has been identified as confidential or exempt?

- Yes** (if exempt, please see the public interest test in section 4)
Relevant section of the report: *(e.g. insert appendix number)*
In accordance with Access to Information Procedure Rule: *(insert the relevant paragraph number from the procedure rules)*
- No**, this report does not contain information identified as confidential or exempt.
-

Is the decision eligible for call-in? **Yes** **No – exempt** **Not applicable**

If the decision is anything other than a key or major decision made by an officer, or an executive decision made by the Executive Board or an Area Committee, call-in is not applicable. This should be explained under 'Scrutiny process: Call-In' in section 4.

Summary of main issues and corporate governance considerations

- 1. Include the purpose of the report and a summary of the main issues (no more than three short paragraphs if possible).*
- 2. Any significant corporate governance considerations identified in your report should also be summarised here.*
- 3.*

Recommendations

- 4. Explain what you are asking the Committee or decision maker to do e.g. the Committee is asked to approve...*

1 Purpose of this report

1.1

1.2

2 Background information

2.1

2.2

3 Main issues

3.1 *Please provide an options appraisal for the options you have set out in your report. Outline the positive impacts of the proposals made in your report, for example, how the suggested course of action might benefit a particular local community.*

3.2

3.3

4 Corporate governance considerations

4.1 Risk management

4.1.1 *Please refer to any significant risks identified in your report, including in relation to the recommended option. If a risk assessment or full risk register has been completed, this should be referenced as a background document to the report. Please see the guidance notes for further information.*

4.2 Public Interest Test

4.2.1 *If the report, or part of the report, is confidential, it is not necessary to consider the public interest test. This is because the public must be excluded from meetings whenever it is likely that confidential information would be disclosed. Likewise public access to reports and background documents would also be excluded. However you must explain why the information is confidential with reference to the paragraph number you identified on the front page of the report.*

4.2.2 *If the report or part of the report is exempt, you must explain why the information has been identified as exempt with reference to the paragraph number you identified on the front page of the report. You must also explain why, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. Further guidance on this issue and example wording is available in the guidance notes.*

4.3 Forward Plan

4.3.1 *If the decision is a Key Decision, please indicate whether the decision has been included on the Forward Plan, and if not, what exception is being relied upon. You must also confirm whether the conditions set out in the guidance have been met e.g. whether the agreement of the Chair of the relevant Scrutiny Board has been obtained.*

4.3.2 *If the decision is not a Key Decision, it does not need to be included on the Forward Plan, and this should also be explained here.*

4.4 Scrutiny process: Call-In

4.4.1 *If the decision is in relation to a council function, or is a significant operational or administrative decision taken by an officer, it is not open to call-in and this should be explained here.*

4.4.2 *If the decision would normally be open to call-in, but has been identified as exempt, you must explain which exemption is being relied upon and provide the additional information specified in the guidance notes..*

4.5 Constitution and legal matters

4.5.1 *Please outline the decision maker's authority to take the decision with reference to the delegation scheme or terms of reference within Part 3 of the Constitution, or the relevant sub-delegation scheme.*

4.5.2 *Highlight any legal implications arising from your report, and outline any legal advice provided. You must also provide the designation of the officer providing the advice.*

4.6 Financial and resource implications

4.6.1 *Highlight any financial or resource implications arising from your report, and state where the provision exists to undertake the proposed action (please note that 'resources' includes human resources).*

4.7 Equality and diversity and cohesion and integration

4.7.1 *If the report is in relation to a Key or Major decision, it requires an EDCI impact assessment or a screening form to be referenced as a background document. If any issues have been identified as a result of the impact assessment these should be explained here. You may also choose to complete an EDCI impact assessment or a screening form for other reports, if this is considered appropriate.*

4.8 Council policies and City priorities

4.8.1 *Highlight how the proposed action contributes to the targets and priorities in the Council's Policy Framework. This includes all documents listed in Article 4 of the Constitution.*

4.9 Consultation

4.9.1 *Where proposals contained in a report have a significant impact on communities living or working in an area, details of the nature, extent and results of how those communities (and ward members) have been consulted in the development of the proposals must be included in the report. Any consultation document or Talking Point record must be clearly referenced as a background document.*

4.9.2 *If the report contains proposals in relation to Budget and Policy Framework you must include details of the nature, extent and results of the consultation with stakeholders and relevant Scrutiny Board(s).*

5 Recommendations

5.1

6 Background documents

6.1 *Provide a list of documents you have used to write the report. Such documents may include:*

- *Risk assessment / full risk register*
- *EDCI screening form / EDCI impact assessment*
- *Talking Point record*

6.2 *Please see the guidance for more information about what should be included. If no relevant documents have been used, please insert 'None' for clarity.*



Report of the Director of Resources

Corporate Governance and Audit Committee

Date: 18th April 2011

Subject: Work Programme

Electoral Wards Affected:

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

1.0 Purpose Of This Report

1.1 The purpose of this report is to notify members of the Committee of the draft work. The draft work programme is attached at Appendix 1 to this report.

2.0 Background Information

2.1 The work programme provides information about future items for the Corporate Governance and Audit Committee agenda, when items will be presented and the which officer will be responsible for the item.

3.0 Main Issues

3.1 The draft work programme is attached at Appendix 1.

3.3 Members are requested to consider whether they wish to add any items to the work programme.

4.0 Implications for Council Policy And Governance

4.1 There are no implications for Council Policy and Governance.

5.0 Legal And Resource Implications

5.1 There are no legal or resource implications.

6.0 Recommendations

6.1 Members are asked to note the draft work programme and advise officers of any additional items they wish to add.

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**CORPORATE GOVERNANCE AND AUDIT COMMITTEE
WORK PROGRAMME**

| ITEM | DESCRIPTION | RESPONSIBLE OFFICER |
|---|---|--|
| June – 2011 | | |
| Annual Report on Community Engagement | To receive a report presenting the annual report on Community Engagement. (This report is part of the Committee's annual work programme) | Assistant Chief Executive (Planning, Policy and Improvement) James Rogers |
| Procedures for the disposal of Council assets | To receive a report on how new procedures will minimise the risk of assets being recognised on the Council's Balance Sheet when they have been sold or demolished. (This report was requested by the Committee on 21 st March 2011) | Chief Officer Financial Management Doug Meeson |
| Contract Procedure Rules | To receive a report to update the Committee on progress in embedding Contract Procedure Rules. (This report was requested by the Committee on 21 st March 2011) | Chief Procurement Officer Wayne Baxter |
| KPMG Interim Audit Report | To receive an interim audit report from KPMG on findings on the audit and of progress towards an IFRS based statement of accounts. (Part of the committee's annual work programme) | Chief Officer Financial Management Doug Meeson |
| Future of Local Public Audit | To receive a report discussing the Future of Local Public Audit | Chief Officer Audit and Risk Tim Pouncey |
| Planning Decisions Process | To receive a report to gain assurance of the process by which planning decisions are taken by the Council. (This report was requested at the meeting held on 12 th May 2010 during discussions on the process by which planning decisions are taken by the Council) | Chief Planning Officer Phil Crabtree |

CORPORATE GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME

| ITEM | DESCRIPTION | RESPONSIBLE OFFICER |
|--|--|--|
| July – 2011 | | |
| Annual Monitoring of Key and Major Decisions | To receive a report presenting the outcome of the monitoring process relating to Key and Major decisions. (The annual report to the Committee to gain assurance that Key and Major decisions are being made in line with procedure) | Head of Governance Services Andy Hodson |
| Annual Report on Risk Management | To receive a report regarding the Council's risk management arrangements. (Part of the Committee's annual work programme) | Chief Officer (Audit and Risk) Tim Pouncey |
| Local Enterprise Partnerships | To receive a report on the governance arrangements for the new Local Enterprise Partnership specifically exploring governance issues contained within the partnership governance toolkit. (requested at the 14 th December 2010 meeting following a discussion on the Leeds City Region) | Chief Officer (Leeds Initiatives and Partnerships) Kathy Kudelnitzkey |
| 2010/11 Statement of Accounts | To receive a report detailing the statement of accounts for 2010/11, prior to public inspection. (Part of the Committee's annual Work Programme) | Chief Officer (Financial Management) Doug Meeson |
| Implications of the Localism Bill | To receive a report updating Members on the implications of the Localism Bill. (This report was added to the work programme following a report detailing the Implications of the Localism Bill for the ethical framework in Leeds which was discussed on 14 th February 2011) | Director of Resources Alan Gay |

CORPORATE GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME

| ITEM | DESCRIPTION | RESPONSIBLE OFFICER |
|--|---|---|
| Internal Audit Report | To receive a report presenting the Internal Audit report on current issues. (This is a report brought to the Committee on bi-monthly basis) | Chief Officer (Audit and Risk) Tim Pouncey |
| Risk Management and the Budget Process | To receive a report detailing risk Management arrangements surrounding the budget process. | Chief Officer (Audit and Risk) Tim Pouncey |
| ALMO Annual Assurance Report | To receive the Annual Assurance report from Strategic Landlord based on the assurances received from the ALMOs. (This report is part of the committee's annual work programme) | Strategic Landlord Liz Cooke |
| September – 2011 | | |
| Annual Governance Statement | To receive the Annual Governance Statement. | Director of Resources Alan Gay |
| Small Claims Made Against the Council | To receive a report detailing the amount and type of small claims and the actions taken to reduce them. (requested at the meeting held on 14 th February 2011) | Insurance Manager Frank Morrison |
| 2010/11 Statement of Accounts for Approval | To receive a report detailing the statement of accounts for 2010/11. | Chief Officer (Financial Management) Doug Meeson |
| KPMG Audit Report on 2010/11 Statement of Accounts | To receive KPMG's Audit report of the findings in respect of the 2010/11 Statement of Accounts. | Chief Officer (Financial Management) Doug Meeson |

CORPORATE GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME

| ITEM | DESCRIPTION | RESPONSIBLE OFFICER |
|---|--|--|
| 2010/11 Audit Fee | To receive a report on the 2010/11 audit fee and the extent to which KPMG were able to finalise the audit at a cost below that previously agreed. (This report was requested by the committee on March 21 st 2011) | Chief Officer (Financial Management) Doug Meeson |
| Local Government Ombudsman's Annual Letter | To receive the annual letter from the Local Government Ombudsman. (This report is on the agenda as part of the Committee's Annual work programme) | Corporate Customer Relations Manager Wendy Allinson |
| November - 2011 – No items currently scheduled | | |
| | | |
| December - 2011 - No items currently scheduled | | |
| | | |
| January - 2012 – No items currently scheduled | | |
| | | |
| February - 2012 - No items currently scheduled | | |
| | | |
| March - 2012 | | |
| External Audit Planning | To receive a report from the appointed External Auditor in respect of the audit fee, Value for Money Audit Plan and Financial Statement Audit Plan. | Chief Officer (Financial Management) Doug Meeson |

CORPORATE GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME

| ITEM | DESCRIPTION | RESPONSIBLE OFFICER |
|--|---|--|
| Information Security Annual Report | To receive a report on the Council's Information Security arrangements. | Chief Officer (Business Transformation) Lee Hemsworth |
| April - 2012 – No items currently scheduled | | |
| May - 2012 | | |
| Annual Report on Community Engagement | To receive a report presenting the annual report on Community Engagement. | Assistant Chief Executive (Planning, Policy and Improvement) James Rogers |
| Annual Monitoring of Key and Major Decisions | To receive a report presenting the outcome of the monitoring process relating to Key and Major decisions. | Head of Governance Services Andy Hodson |
| ALMO Annual Assurance Report | To receive the Annual Assurance report from Strategic Landlord based on the assurances received from the ALMOs. (This report is part of the committee's annual work programme) | Strategic Landlord John Statham |
| Annual Report on Risk Management | To receive a report regarding the Council's risk management arrangements. (Part of the Committee's annual work programme) | Chief Officer (Audit and Risk) Tim Pouncey |
| Un-scheduled items for 2010/11 | | |

CORPORATE GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME

| ITEM | DESCRIPTION | RESPONSIBLE OFFICER |
|--|---|--|
| Impact of Disbanding the Audit Commission | <p>To receive a report on the impact of disbanding the Audit Commission, on how the assurance framework is assessed and reported to the Committee.</p> <p>(requested by the Committee at its meeting held on 26th September 2010 during discussion on the disbanding of the Audit Commission)</p> | Chief Officer (Audit and Risk) Tim Pouncey |
| 6 Monthly Update Report on risk Management | <p>To receive a report updating members on the Council's risk management arrangements.</p> <p>(This report is part of the Committee's annual work programme)</p> | Chief Officer (Audit and Risk) Tim Pouncey |
| Overall External Audit and Inspection Plan 2011/12 | <p>To receive a report consulting Members on the content of the External Audit and Inspection Plan 2011/12.</p> <p>(This is part of the Committee's annual work programme)</p> | Chief Officer (Audit and Risk) Tim Pouncey |
| Corporate Governance Statement Action Plan | <p>To receive a report detailing progress made against actions in the Corporate Governance Statement Action Plan.</p> <p>(This report is part of the Committee's Annual Work programme)</p> | Head of Governance Services Andy Hodson |
| Council IT Systems | <p>To receive a report detailing the extent of intruder attack on Council IT systems; outlining progress made in agreeing and implementing policies which are still in development; explaining the arrangements that are in place for access to Members emails; and describing the assurance Members can gain from the Council's arrangements for information security.</p> <p>(This report was requested by the Committee on the 21st March 2011)</p> | Chief Officer (Business Transformation) Lee Hemsworth |