



## CORPORATE GOVERNANCE AND AUDIT COMMITTEE

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Meeting to be held in Civic Hall, Leeds, LS1 1UR on  
Friday, 11th July, 2014  
at 2.00 pm

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### MEMBERSHIP

#### Councillors

P Grahame	J Bentley	R Wood
T Hanley		J L Carter
G Hussain (Chair)		
E Taylor		
J Pryor		
J Cummins		
S McKenna		

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**Agenda compiled by:  
Governance Services  
Civic Hall**

Phil Garnett (0113  
39 51632)

# A G E N D A

Item No	Ward	Item Not Open		Page No
1			<p><b>APPEALS AGAINST REFUSAL OF INSPECTION OF DOCUMENTS</b></p> <p>To consider any appeals in accordance with Procedure Rule 15.2 of the Access to Information Procedure Rules (in the event of an Appeal the press and public will be excluded).</p> <p>(*In accordance with Procedure Rule 15.2, written notice of an appeal must be received by the Head of Governance Services at least 24 hours before the meeting)</p>	
2			<p><b>EXEMPT INFORMATION - POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC</b></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 style="padding-left: 40px;"><b>RESOLVED</b> – That the press and public be excluded from the meeting during consideration of the following parts of the agenda designated as containing exempt information on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information, as follows:-</p>	

Item No	Ward	Item Not Open		Page No
3			<p><b>LATE ITEMS</b></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><b>DECLARATION OF DISCLOSABLE PECUNIARY AND OTHER INTERESTS'</b></p> <p>To disclose or draw attention to any disclosable pecuniary interests for the purposes of Section 31 of the Localism Act 2011 and paragraphs 13-16 of the Members' Code of Conduct.</p>	
5			<p><b>MINUTES - 9TH APRIL 2014</b></p> <p>To receive the minutes of the meeting held on 9<sup>th</sup> April 2014.</p>	1 - 6
6			<p><b>OFFICE OF THE DIRECTOR OF PUBLIC HEALTH ANNUAL GOVERNANCE REPORT</b></p> <p>To receive a report of the Director of Public Health. The report provides the Committee with an annual update on Public Health's Risk management and Governance arrangements, reporting on progress since the last report was presented to Committee on 8 November 2013.</p>	7 - 20
7			<p><b>ANNUAL AUDIT FEE 2014/15</b></p> <p>To receive a report of the Deputy Chief Executive informing the Committee of the cost of external audit work relating to the 2014/15 financial year.</p>	21 - 30
8			<p><b>KPMG INTERIM AUDIT REPORT</b></p> <p>To receive a report of the Deputy Chief Executive which highlights the results of KPMG's interim audit work in relation to the 2013/14 financial statements and the initial work undertaken to support their 2013/14 Value for Money conclusion. KPMG's full report is attached.</p>	31 - 62

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9			<p data-bbox="676 181 1390 248"><b>CONSULTATION ON AUDITOR APPOINTMENT FROM 2015/16</b></p> <p data-bbox="676 293 1382 439">To receive a report of the Deputy Chief Executive which consults Members on the Audit Commission's proposal to re-appoint KPMG LLP for a further two years from 2015/16.</p>	63 - 68
10			<p data-bbox="676 506 1318 539"><b>THE STATEMENT OF ACCOUNTS 2013/14</b></p> <p data-bbox="676 573 1406 831">To receive a report of the Deputy Chief Executive which presents to the Committee the 2013/14 Statement of Accounts prior to them being made available for public inspection. The Statement of Accounts is included with the agenda as a separate document for Committee members and is published on the Council's internet site.</p>	69 - 72
11			<p data-bbox="676 898 1342 976"><b>ANNUAL ASSURANCE REPORT ON RISK &amp; PERFORMANCE MANAGEMENT</b></p> <p data-bbox="676 1010 1398 1525">To receive a report of the Deputy Chief Executive which provides Corporate Governance and Audit Committee with assurances on the strength of the Council's risk and performance management arrangements and is an important source of evidence for the Annual Governance Statement due to be approved by the Committee in September. It also enables the Committee to fulfil its role under the Council's Risk Management Policy and the Committee's own Terms of Reference for reviewing the 'adequacy of the Council's Corporate Governance arrangements (including matters such as internal control and risk management)'. </p>	73 - 80

Item No	Ward	Item Not Open		Page No
12			<p><b>DECISION MAKING FRAMEWORK: ANNUAL ASSURANCE REPORT</b></p> <p>To receive a joint Report of City Solicitor, Assistant Chief Executive (Citizens and Communities) and Chief Planning Officer. This is the annual report to the committee concerning the Council's decision making arrangements. This report provides one of the sources of assurance which the Committee is able to take into account when considering the approval of the Annual Governance Statement. Members are asked to consider the results of monitoring documented within the body of this report and to note the assurances given by the Head of Governance Services, the Head of Licensing and Registration and the Chief Planning Officer, that the decision making framework in place within Leeds City Council is up to date, fit for purpose, effectively communicated and routinely complied with.</p>	81 - 106
13			<p><b>INTERNAL AUDIT ANNUAL REPORT AND OPINION 2013/14</b></p> <p>To receive a report of the Chief Officer (Audit and Investment). The purpose of this report is to bring to the attention of the Committee the annual Internal Audit opinion and basis of the internal audit assurance for 2013/14. By reviewing, challenging and monitoring such reports the Committee itself is demonstrating sound governance arrangements and enabling it to take appropriate action if needed. It should be noted that Internal Audit will also issue interim reports to the Committee if any significant matters arise which would warrant immediate attention.</p>	107 - 138
14			<p><b>WORK PROGRAMME</b></p> <p>To receive a report of the City Solicitor which notifies Members of the Committee of the draft work programme.</p>	139 - 144

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2			<p data-bbox="675 181 1098 215"><b>THIRD PARTY RECORDING</b></p> <p data-bbox="675 293 1382 510">Recording of this meeting is allowed to enable those not present to see or hear the proceedings either as they take place (or later) and to enable the reporting of those proceedings. A copy of the recording protocol is available from the contacts named on the front of this agenda.</p> <p data-bbox="675 551 1310 618">Use of Recordings by Third Parties– code of practice</p> <p data-bbox="675 663 1401 875">a) Any published recording should be accompanied by a statement of when and where the recording was made, the context of the discussion that took place, and a clear identification of the main speakers and their role or title.</p> <p data-bbox="675 887 1385 1167">b) Those making recordings must not edit the recording in a way that could lead to misinterpretation or misrepresentation of the proceedings or comments made by attendees. In particular there should be no internal editing of published extracts; recordings may start at any point and end at any point but the material between those points must be complete.</p>	

# Agenda Item 5

## Corporate Governance and Audit Committee

Wednesday, 9th April, 2014

**PRESENT:** Councillor G Hussain in the Chair  
Councillors P Grahame, N Taggart,  
R Wood, E Taylor, J Illingworth, J Bentley,  
J Hardy and C Gruen (as substitute for T  
Hanley)

Apologies Councillor T Hanley

### 56 Councillor Fox

On the day of the meeting the Committee learned of the death of Councillor Fox. The Chair paid tribute to Councillor Fox highlighting his contribution to the work of Committee. Other Members highlighted Councillor Fox's other achievements. It was agreed by all Members that a card of condolence be written from the Committee to Councillor Fox's family.

A minutes silence was held prior to the commencement of business.

### 57 Appeals Against Refusal of Inspection of Documents

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

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

There were no resolutions to exclude the public at this point of the meeting.

### 59 Late Items

There were no late items.

### 60 Declaration of Disclosable Pecuniary and Other Interests'

No declarations were made.

### 61 Apologies for Absence

Apologies for absence were received from Councillor T Hanley. Councillor C Gruen was in attendance as substitute.

### 62 Minutes 21st January 2014

**RESOLVED** – the minutes of the meeting held on 21st January 2014 were approved as a correct record.

### 63 Matters Arising

Minute 44 Exempt Information - Possible Exclusion of the Press and Public

Members asked for an update on the ongoing investigation at a partner organisation by Internal Audit and West Yorkshire Police. The Chief Officer (Audit and Investment) confirmed that during discussion of agenda item 10 (minute 69 refers) further details could be provide to the Committee and, if the committee resolved to enter exempt session and exclude the press and public, additional updates could be provided.

Minute 52 Update 4 - Shared Service Partnership with Calderdale Metropolitan Borough Council to meet Adult Social Care Technology Requirements

Following an earlier briefing to the chair of the committee, and at his request, the Chief Officer (Resources and Strategy) and the Chief Officer (Partnership Development and Business Support) were in attendance to update the Committee on the recent secondment of staff from the Adult Social Care System Review Programme to support the urgent ICT needs of Children's Services in the deployment of their own 'Frameworki' ICT system to meet OFSTED requirements.

It was noted by the Committee that although implementation of the new Adult Social Care system had been delayed until October 2014, it would still be delivered within budget.

Members discussed the possibility of training staff during the 6 week school summer holidays. However due to staff absence during this period it was considered un-workable.

**RESOLVED** – The Committee resolved to request a further report to its July meeting providing an update on implementation of the project and detailing the capacity of Calderdale Council to contribute towards successful implementation.

Minute No.54 Internal Audit Update Report 1st September to 30th November 2013

The importance of the work of the Scrutiny Board (Resources and Council Services) concerning the use of agency staff was highlighted and assurance was provided that Internal Audit's work looking into this area was complementary to that work.

**64 Mandatory implementation of the DCLG Code of Recommended Practice for Local Authorities on Data Transparency**

The Executive Officer (Information Governance) and the Senior Information Governance Officer presented a report submitted of the Deputy Chief Executive which provided the Committee with assurance that the Council is meeting its obligation to publish mandatory datasets as prescribed by the Code of Recommended Practice.



Members discussed the positive reasons for publishing the Members' Allowance Scheme which DCLG has recommended be removed. It was highlighted that Members Allowances were still published on the Council's website.

Members considered that the £5000 threshold for publishing contracts entered into by the Council appeared very low and noted that this could potentially be an added financial burden to the authority. Members also discussed the publication of posts that attract salaries of over £50,000, and how this affects part time staff who would earn this figure if they were full time.

**RESOLVED** – The Committee resolved to note the assurances provided, to ensure the Council meets its obligations in complying with the code.

## **65 Business Continuity Arrangements for LCC's Critical Services**

The Business Continuity Programme Manager presented a report of the Deputy Chief Executive which provided assurance that the business continuity plans and arrangements in place for LCC's critical services are fit for purpose, up to date, embedded and being routinely complied with. The report also provided assurance that LCC is compliant with the statutory duties detailed in the Civil Contingencies Act 2004.

Members sought assurance that plans were in place to deal with a major city centre emergency such as a flood or loss of power. Members were informed that plans are in place and that simulation exercises are undertaken to test the plans, however city centre emergency plans fall under the remit of emergency planning.

Members discussed the position of academies and were informed that the Council does not have Business Continuity Plans in place for individual academies as they operate as separate businesses, but that they would be treated as any other LEA school should a disaster occur.

Members sought assurance that the issue of homelessness has business continuity plans in place – the Business Continuity Manager undertook to make further enquiries and provide a response to the committee.

**RESOLVED** – the Committee resolved to:

- (a) note that the level of assurance on the adequacy of business continuity management arrangements; and
- (b) note the report for information and receive an annual update detailing progress and achievements in April 2015.

## **66 Update of the Whistleblowing Policy and Raising Concerns Policy**

The Principal Audit Manager presented a report of the Chief Officer (Audit and Investment) that consulted the Committee on a review of the Council's

Whistleblowing Policy and Raising Concerns Policy. The report informed the Committee of the revisions in accordance with the changes to Public Interest Disclosure legislation, and provided an opportunity to comment on the current proposals.

Members received assurance that all whistle blowing referrals are taken seriously and investigated thoroughly. Members were also provided with assurances as to how vexatious referrals are treated. Members were informed that a total of 90 whistleblowing referrals had been received over the last 12 months.

Members asked about the protections, afforded to employees of contractors and partner organisations, and whether the Council's policy covers such organisations. Members were informed that there is limited scope for the Council to provide indemnities and the policy acknowledges that 'the whistleblowing policy does not protect employees of external organisations in the same way as Council employees and workers'.

**RESOLVED** – The Committee resolved to note the contents of the report and receive a final version of the Whistleblowing policy following approval.

**67 Corporate Governance and Audit Committee Annual Report**

The Head of Governance Services introduced the report of the City Solicitor which presented the Committee Annual report which provides an overview of the work completed by the Committee over 2013/14 municipal year.

**RESOLVED** - The Committee resolved to:

- (a) approve the contents of the annual report; and
- (b) request the report be circulated to all Members.

**68 work programme report**

The City Solicitor submitted a report notifying Members of the work programme.

The Committee reviewed its forthcoming work programme.

**RESOLVED** – The Committee resolved to note the work programme.

**69 Internal Audit Update Report 1st December 2013 to 28th February 2014 and Internal Audit Plan 2014/15**

The Chief Officer (Audit and Investment) presented his report which provided a summary of Internal Audit Activity for the period 1st December 2013 to 28th February 2014. The report highlighted the incidence of any significant control failings or weaknesses.

The proposed Internal Audit Plan 2014/15, as discussed and agreed with the Deputy Chief Executive as the Council's statutory responsible financial officer,

was also included as part of the report for members observations and comments.

Members asked questions about work undertaken on spending money wisely. It was confirmed to the Committee that Internal Audit will be looking at any car user mileage rates that are higher than HMRC rates.

Members sought assurance that the number of days featured within the audit plan would be enough to provide an evidence based opinion on the Council's control environment. It was noted that the work done by Internal Audit would be made available to KPMG so that they may assess whether they can rely on the work as part of their audit of the statutory accounts. The Chief Officer (Audit and Investment) also confirmed that Internal Audit works closely with KPMG throughout the year and at year end to ensure this is the case.

During discussion of this item, the committee resolved to exclude members of the public and press as information to be conveyed verbally to the committee concerning ongoing investigations at a partner organisation, was considered likely to be exempt under paragraph 10.4.(7) of Schedule 12A(3) of the Local Government Act 1972 and that to continue the discussion in private outweighs the public interest in receiving the information in public.

**RESOLVED** – The Committee resolved to note the contents of the report and note the Internal Audit Plan.

#### **70 Retirement of Councillor Taggart**

The Chair informed the Committee that this would be Councillor Taggart's last attendance at this Committee due to him not standing for re-election at the forthcoming elections.

The Chair thanked Councillor Taggart for all his contributions to the Committee over the last five years.

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**Report of: The Director of Public Health**

**Report to: The Corporate Governance and Audit Committee**

**Date: Thursday 10 July 2014**

**Subject: Office of the Director of Public Health Annual Governance Report**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

### Summary of main issues

1. At its meeting on 8 November 2013, the Corporate Governance and Audit Committee received a report providing the Committee with assurance that, having transferred over to Leeds City Council on 1 April 2014, the Office of the Director of Public Health has robust procedures in place in terms of its Risk Management arrangements. Assurance was given to members that the Directorate was working closely with colleagues within the Risk Management Unit to ensure that these arrangements were fully aligned with the Council's Risk Management Framework.
  
2. Members were assured that Risk Management applied to the Directorate's budget, contract management and business planning processes and Public Health was mindful of the Best Council Plan and the need to deliver the Council's priorities, whilst managing the key risks facing the Directorate. Furthermore, the report informed the Committee of what processes were in place in terms of managing Public Health's Governance arrangements
  
3. In acknowledging that arrangements for the commissioning of public health services needed to be kept line with the governance arrangements of the Council, members agreed that an annual report should be provided by the Director of Public Health in order to update the Committee on the progress of aligning Public Health's governance arrangements to those maintained by the rest of the Local Authority.
  
4. This report provides assurance to the Committee that, following the first year of transferred commissioning responsibilities to the Local Authority, the Public Health

Directorate continues to strengthen its Risk Management and Governance arrangements, complying fully with the Council's own Risk Management Framework and Governance procedures.

## **Recommendations**

5. The Corporate Governance and Audit Committee is asked to:

- (a) receive the annual Governance report of the Office of the Director of Public Health;
- (b) receive assurance that the Office of the Director of Public Health has robust risk and governance processes in place and are fit for purpose; and
- (c) note that the Office of the Director of Public Health will continue to develop the work undertaken in respect of Serious Untoward Incidents and National Institute for Health and Care Excellence (NICE) guidance compliance.

## **1 Purpose of this report**

- 1.1 This report provides the Corporate Governance and Audit Committee with an annual update on Public Health's Risk management and Governance arrangements, reporting on progress since the last report was presented to members on 8 November 2013.

## **2 Background information**

- 2.1 The "main issues" section of the report provides assurance to the Committee that the Public Health Directorate continues to strengthen its Risk Management and Governance arrangements, complying fully with the Council's own Risk Management Framework and Governance procedures.

## **3 Main issues**

- 3.1 At its meeting on 8 November 2013, the Corporate Governance and Audit Committee received a report from the Director of Public Health which gave assurance that the Directorate, having transferred over to Leeds City Council on 1 April 2013, had robust procedures in place in terms of its Risk Management arrangements. Details of the Directorate's Governance arrangements were also clarified. As confirmed to members, out of the £36.8m ring fenced Public Health Grant, £30.8m (or 84%) is spent on commissioning Public Health services. Members are asked to note that Tom Riordan, Chief Executive of Leeds City Council recently approved the appropriate use of the Public Health ring fenced budget in May 2014 and this financial return was then submitted to Public Health England.
- 3.2 In respect of key risks to Public Health, the most significant ones relate to sexual health and drug and alcohol treatment services commissioned by the Directorate. These are provided by a number of providers including NHS Trusts, Third sector, General Practitioners and Pharmacists. It is acknowledged that the Local Authority has taken on commissioning responsibilities for Public Health services and as such, needs to have assurance that appropriate measures are in place to maintain quality and safety arrangements, effectiveness and patient experience. The role and remit of the Public Health Governance Group is therefore vital in taking this work forward.

### **Public Health Governance Group**

- 3.3 To date, three Public Health Governance Group meetings have been held on 27 February, 25 March and 19 May 2014, chaired by the Director of Public Health. The Terms of Reference have been formally approved (please see Appendix A) and the main remit of the Group is to review health and governance related activities that are directly within the remit of the Office of the Director of Public Health to ensure that activity is evidence-based, outcomes focussed and inclusive of key stakeholders. Its purpose is to also enable the Local Authority to improve the quality and safety of services that are directly commissioned by the Office of the Director of Public Health.

- 3.4 As the vast majority of Public Health budget is committed to commissioning a comprehensive range of services (some mandatory, others discretionary), the directorate has a strong focus upon maintaining and monitoring the quality and safety of these services and how patients view the efficacy of these services. These services are listed as follows:

**Mandatory services**

Comprehensive sexual health services (including testing and treatment for sexually transmitted infections, contraception outside of the GP contract and sexual health promotion and disease prevention)

Local authority role in dealing with health protection incidents, outbreaks and emergencies

Ensuring NHS commissioners receive the public health advice they need

National Child Measurement Programme

NHS Health Check assessment

**Discretionary services**

Tobacco control and smoking cessation services

Alcohol and drug misuse services

Public health services for children and young people aged 5-19 (including Healthy Child Programme 5-19) (and in the longer term all public health services for children and young people)

Interventions to tackle obesity such as community lifestyle and weight management service

- 3.5 Other initiatives are also commissioned by Public Health which includes mental health services, dental public health services and increasing levels of physical activity within the city.
- 3.6 The Governance Group therefore has a primary role in monitoring and managing the risks associated with the substantial commissioning element of Public Health in relation to its budget management, contract management/business planning and commissioning processes of Public Health services. As part of these areas of work, key priorities are considered by the group which include: Review of the Public Health Risk Registers; NICE Guidance Compliance across the Local Authority; the management of Serious Untoward Incidents; and Compliments and Complaints received by the Directorate. These priorities are outlined in further detail below and will continue to remain a focus for Public Health in 2014/15:
- 3.7 Public Health Risk Registers
- 3.8 Public Health continues to use the risk management software in reviewing, monitoring and updating its Risk Registers. The Directorate and Programme/Major Project Risk Registers are reviewed as a standing agenda item at each Governance Group meeting to ensure that its risk management arrangements continue to be strengthened and are aligned to the Council's own Risk Reporting processes. Public Health's Risk Registers are then reviewed by the Risk and Performance Board which is chaired by the Head of Intelligence and Performance and convenes on a quarterly basis (a member of the Public Health Directorate sits on this Board).



- 3.9 Public Health currently has five risks on its Directorate Register which relate to the commissioning of Smoking Cessation Services; Mandatory Public Health Service to Clinical Commissioning Groups to support their commissioning responsibilities; NHS Healthcheck; Health Protection Assurance; and Information Governance (a key priority for the Local Authority).
- 3.10 In terms of its Programme and Major Projects Risk Register, Public Health has two risks which relate to the commissioning of integrated sexual health services (rated green) and delivery of the drug and alcohol treatment services (rated amber). In respect of Public Health's Service Level Risks, these are reviewed and monitored by each Consultant/Chief Officer leading on their individual service areas. Where a service level risk is deemed to be rated high or of a particularly contentious nature, this will be brought to the attention of the Governance Group by the Public Health Consultant for consideration as to whether this should be escalated to the Directorate Risk Register.
- 3.11 Public Health continues to work closely with the Risk Management Unit, (a member of which attends Governance Group meetings) on its Risk Management processes.

#### Serious Untoward Incident (SUI) Reporting

- 3.12 The Public Health Governance Group is currently reviewing how the Directorate is made aware of Serious Untoward Incidents (SUIs) within those Public Health services commissioned by Leeds City Council. The management of SUIs is included as part of the service specifications held by NHS providers and Voluntary and Community Sector Forum services. Providers are aware that serious and untoward incidents should be reported to the Commissioner, i.e. Leeds City Council immediately. There is also a requirement that a governance report should be submitted to the Commissioner on an annual basis with full details of any Serious Untoward Incidents being communicated without delay to the Commissioner.
- 3.13 However, the Governance Group is aware that whilst it is explicit within service specifications that SUIs should be reported to the Commissioner, further work is required to ensure that Providers are clearly aware of the procedure for reporting incidents and to also ensure that the Public Health Directorate, having transferred to the Local Authority, is able to access SUI data via STEIS and DATIX software. Discussions are currently being held with external partners in order to take this work forward.

#### NICE Guidance Compliance

- 3.14 NICE Public Health guidance makes recommendations for populations and individuals on activities, policies and strategies that can help prevent disease or improve health. The Governance Group recognises the importance of effectively disseminating new NICE Public Health guidance, ensuring that it is effectively implemented by Providers, members of Public Health staff and Leeds City Council colleagues. This includes ensuring that a process is in place for Council colleagues to be made aware of and act upon relevant guidance which does not necessarily link in with work that Public Health directly commissions. In this

instance, the intention is to influence colleagues within the Local Authority to take account of the guidance with the acknowledgement that Public Health does not have any authority, should they choose to disregard it.

- 3.15 Currently, the Public Health Directorate ensures that its providers adhere to the guidance through quarterly commissioning meetings and identify the necessary service developments to ensure that services are operating in line with the most recent evidence and guidance. These changes are then written into the service's specification or introduced as a contract variation.
- 3.16 The Governance Group agreed at its last meeting that while processes are in place to disseminate NICE guidance and monitor its implementation, a directorate wide system is required so that a consistent approach can be applied in receiving, disseminating and implementing new NICE guidance. The Public Health Governance Manager is therefore working closely with the Leadership and Senior Management Teams in order to ensure that they are aware of new NICE guidance and take appropriate steps to communicate this to relevant partners, implementing where necessary.

#### Public Health Compliments and Complaints

- 3.17 The Corporate Governance and Audit Committee is asked to note that since Public Health's transition to Leeds City Council on 1 April 2013, the Directorate has adhered to the Council's Compliments and Complaints Policy. Whilst the directorate does not directly deliver health services, it recognises the importance of maintaining high quality and effective services it commissions for the local population.
- 3.18 The Public Health Governance Manager is the Directorate's Departmental Customer Relations Officer and all members of staff are aware of what procedure should be followed, along with the timescales involved in receiving and responding to either a compliment or complaint. Within the 2013/14 financial year, a total of 18 compliments and 3 complaints were received and responded to. All three complaints were dealt with within the Council's specified deadline of 15 working days (from receipt).
- 3.19 A register is maintained of all compliments and complaints received and the Public Health Governance Manager works closely with the Council's customer relations department so that this information can then be fed into the annual report which is presented annually to the Corporate Governance and Audit Committee.
- 3.20 An update on all compliments and complaints received by Public Health is presented to the Governance Group as a standing agenda item.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 The Public Health Directorate has fully engaged with the Governance Group and Risk Management Unit on the contents of this report. Further engagement is required in terms of strengthening the directorate's governance arrangements.

## **4.2 Equality and Diversity / Cohesion and Integration**

4.2.1 This is an assurance report and not a decision so due regard is not directly relevant.

## **4.3 Council policies and City Priorities**

4.3.1 Under principle 4 of the Council's Code of Corporate Governance, the authority should take "informed and transparent decisions which are subject to effective scrutiny and risk management". Public Health's commitment to comply with the Council's Risk Management Framework supports this principle.

## **4.4 Resources and value For money**

4.4.1 These arrangements are resourced through existing teams across the Council and therefore have no specific resource implications.

## **4.5 Legal Implications, Access to Information and Call In**

4.5.1 Without robust risk management arrangements in place, the Council could be in breach of the Accounts and Audit Regulations 2011 which require us to have a "sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements to the management of risk". The Public Health directorate therefore has a duty to ensure that the Council is fully compliant in this area by agreeing its key risks, agreeing actions to mitigate against those risks and ensuring that a robust process is in place for regularly reviewing/updating those risks.

## **4.6 Risk Management**

4.6.1 Without robust internal risk management arrangements, there is a danger that the most significant risks and issues that could impact upon the Council and the Best Council Plan objectives are not appropriately identified and managed accordingly.

## **5 Conclusions**

5.1 The Office of the Director of Public Health continues to strengthen its robust governance arrangements in respect of its budget management, contract management/business planning and commissioning responsibilities. As outlined above, work is ongoing to build upon the Directorate's current arrangements for Serious Untoward Incidents and dissemination/implementation of new NICE guidance. With support from the Risk Management Unit, the Directorate continues to monitor and update its Risk Registers in line with the Council's formal reporting arrangements. The Directorate also adheres to the principles outlined in the Council's policy on Compliments and Complaints and works with the Customer relations Department to ensure full compliance.

## **6 Recommendations**

### **6.1 The Corporate Governance and Audit Committee is asked to:**

- (a) receive the annual Governance report of the Office of the Director of Public Health;
- (b) receive assurance that the Office of the Director of Public Health has robust risk and governance processes in place and are fit for purpose; and
- (c) note that the Office of the Director of Public Health will continue to develop the work undertaken in respect of Serious Untoward Incidents and National Institute for Health and Care Excellence (NICE) guidance compliance.

## **7 Background documents<sup>1</sup>**

### **7.1 None**

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

## **APPENDIX A – Terms of Reference Public Health Governance Group**

### **The Office of the Director of Public Health**

#### **Public Health Governance Group**

##### **TERMS OF REFERENCE**

### **1. Purpose**

- 1.1 To review health and governance related activities that are directly within the remit of the Office of the Director of Public Health to ensure that this activity is evidence-based, outcomes focussed and inclusive of key stakeholders and, where appropriate, that it is undertaken in accordance with accepted professional standards and codes of practice.
- 1.2 To enable Leeds City Council (LCC) to improve the quality and safety of services that are directly commissioned by the Office of the Director of Public Health. The group will consider the following three dimensions of quality in order to provide high quality Public Health services:
  - Clinical effectiveness: high quality services that are delivered according to the best evidence as to what is clinically effective in improving individual and population health outcomes, including National Institute for Health and Clinical Effectiveness (NICE) guidance
  - Safety: high quality that is delivered so as to prevent all avoidable harm and risk to individual and population safety
  - Patient experience: high quality services that provide the individual with as positive an experience of services as possible, including being treated according to wants or needs, and with compassion, dignity and respect.
- 1.3 To provide assurance to LCC that the systems and controls of the Office of the Director of Public Health are fit for purpose, up to date, embedded, are routinely complied with, and comply with the Corporate Governance and Audit systems of LCC.
- 1.4 To produce an Annual Report and Action Plan, led by the Chair of the Governance Group and co-ordinated by the Public Health Governance Manager for presentation to the LCC Corporate Governance and Audit Committee
- 1.5. To monitor progress of the Public Health Governance Group and evaluate against the annual action plan

## **2. Composition**

The Public Health Governance Group will be a sub-group of the Public Health Leadership Team (PHLT) and will include the following members:

Director of Public Health (Chair)  
Consultant in Public Health: Health Improvement & Commissioning (Deputy Chair)  
Consultant in Public Health Medicine (Population Healthcare, LWCCG and WNW Area and Health Protection)  
Chief Officer: PH Strategy and Commissioning  
Public Health Business Manager  
Head of Intelligence Public Health  
Public Health Governance Manager

In addition there will be in attendance:

Such representatives of public, third sector or statutory sector groups or individuals as considered appropriate (e.g. representatives from the Risk Management Unit) or necessary by members of the Group to enable them to conduct their business efficiently and effectively.

## **3. Frequency and Notice of Meetings**

The Group will meet monthly for the first 2 months, then every 2 months thereafter and meetings will be up to two hours in duration. The Public Health Governance Group will be supported by the Project Support Officer – Governance who will be responsible for ensuring that an agenda and supporting papers are circulated to members at least one week prior to each meeting.

Formal minutes will be taken and shall include:

- (a) A record of standing agenda items, matters arising and issues to be carried forward;
- (b) Declarations of interest of members; and
- (c) The names of all present/apologies given at the meeting.

Minutes (once approved by the Chair) will be issued to all members no later than 10 working days following each meeting and be submitted to the subsequent Public Health Governance Group meeting for formal approval. Minutes from each Governance Group meeting will also be received by the Public Health Leadership Team for information.

## **4. Quoracy**

Meetings of the Group will be quorate when at least 4 members (one of which should be either the Director of Public Health or a Consultant in Public Health) are present. Members will be permitted to send nominated deputies. If the Chair is absent from the meeting, he/she will nominate the Deputy Chair to preside.

The Public Health Governance Group will inform the PHLT and report to the LCC Corporate Governance and Audit Committee.

## 5. Remit

The remit of the Group is to provide the PHLT, the Health and Wellbeing Board and LCC Corporate Governance and Audit Committee with assurance that all necessary systems and processes are in place that ensure that:

The Office of the Director of Public Health commissions public health clinical services which incorporate the key components of health governance, namely:

- Quality and clinical effectiveness
- Risk management (including health and safety)
- Public information, experience and involvement
- Patient complaints, patient safety, incidents and serious incidents requiring investigation
- Staff governance (including staff training and accreditation)
- Research and development
- Clinical policies and guidelines
- Medicines management
- Serious health-related incidents
- Clinical audit
- Infection prevention and control
- NICE compliance
- National confidential enquiries
- Business Continuity
- Incident response

AND

The activities of the Office of the Director of Public Health have the following standards in place that are cross-referenced to the 10 key areas of Public Health practice<sup>2</sup>:

- Effective health programmes in place– this entails ensuring that programmes are informed by a robust evidence base and performance reviewed regularly.
- Explicit professional standards laid out for staff,
- Risk management programme in place – including emergency plans.
- Information governance procedure in place
- Critical incident reporting procedure in place
- Complaints procedure set out
- Performance appraisal system in place
- CPD programme for all staff

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<sup>2</sup> Faculty of Public Health ( 2012) Standards for Organisations with a Public Health Function, London Viewed May 2013, [http://www.fph.org.uk/uploads/C\\_Standards\\_for\\_Organisations.pdf](http://www.fph.org.uk/uploads/C_Standards_for_Organisations.pdf)

- Performance management system agreed
- Audit of internal processes completed as appropriate
- Annual service plans in place
- Mechanisms in place to deal with poor performance
- External appraisal (including peer review) where appropriate
- Induction policy for new staff in place
- Health and safety policy in place
- Leeds City Council values are followed
- Processes for responding to requests for non-commissioned services.

The Group will ensure that input is sought from all relevant sources within the Office of the Director of Public Health and across LCC.

## **6. Standards of Business Conduct and Conflicts of Interest**

Members of the Governance Group shall at all times comply with the standards of business conduct and manage conflicts of interest as set out in the Council's Employee Code of Conduct and Outside Interests Policy and Procedure.

All members are required to make open and honest declarations of interest at the start of each meeting, or to notify the Chair of any actual, potential or perceived conflict.

## **7. Authority**

The Group is authorised by the Director of Public Health, and by LCC Corporate Governance and Audit Committee to investigate any activity within its terms of reference, and in so doing, is authorised to seek any information it requires from any employee.

In order to fulfil its remit, the Public Health Governance Group may obtain whatever professional advice it requires, and require the Office of the Director of Public Health staff to attend its meetings when necessary.

The Terms of Reference for the Public Health Governance Group will be reviewed annually (or sooner if deemed necessary to do so) and formally endorsed by the Public Health Leadership Team.

Version 5

Approved By: Public Health Governance Group

Date Approved: 25 March 2014

Review Date: March 2015





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**Report of the Deputy Chief Executive**

**Report to Corporate Governance and Audit Committee**

**Date: 11<sup>th</sup> July 2014**

**Subject: Annual Audit Fee 2014/15**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**Summary of main issues**

1. KPMG have confirmed their audit fee for 2014/15 as £307,800.
2. The fee for Grant certification is estimated at £22,140.

**Recommendations**

3. Members are asked to note the external audit fees for work relating to the 2014/15 financial year.

**1 Purpose of this report**

- 1.1 To inform members of the cost of external audit work relating to the 2014/15 financial year.

**2 Background information**

- 2.1 Previous fees are outlined in the table below:

Year	KPMG Audit Fee	Audit Commission Rebate	Grant Certification	Total
2010/11	£586,000	£(41,040)	£94,904	£639,864
2011/12	£507,500	£(27,200)	£60,742	£541,042
2012/13	£307,800	£(42,123)	£37,975	£303,652
2013/14	£307,800	To be confirmed	£24,721	£332,521

### **3 Main issues**

- 3.1 KPMG's audit letter attached, confirms that the annual audit fee will be £307,800 (plus VAT). The fee is commensurate with the fee scales set by the Audit Commission and remains unchanged from 2013/14. This fee assumes that there is no change to the general level of risk in relation to the financial statements and that the Council provides KPMG with complete and accurate financial statements accompanied by good quality working papers.
- 3.2 The letter also estimates that the fee for the 2014/15 certification of grants and returns will be £22,140. This fee is based on those grants and returns currently identified by the Audit Commission as requiring external inspection.
- 3.3 Any proposed amendment to the fees will be discussed with the Council and the reason for any change would be reported to this Committee.

### **4 Corporate Considerations**

#### **4.1 Consultation and Engagement**

- 4.1.1 This is a factual report based on information provided by the external auditors and consequently no public, Ward Member or Councillor consultation or engagement has been sought.

#### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 This is a factual report based on information provided by the external auditors and has no direct implications for equality, diversity, cohesion and integration.

#### **4.3 Council Policies and City Priorities**

- 4.3.1 Under this Committee's terms of reference members are required to consider the Council's arrangements relating to external audit, including the receipt of external audit reports. This is to provide a basis for gaining the necessary assurance regarding governance prior to the approval of the Council's accounts..

#### **4.4 Resources and Value for Money**

- 4.4.1 Members should note that there has been no increase in the annual audit fee and the fee for certifying grants and returns has reduced.

#### **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 As this is a factual report based on information provided by the external auditors none of the information enclosed is deemed to be sensitive or requesting decisions going forward and therefore raises no issues for access to information or call in.

#### **4.6 Risk Management**

- 4.6.1 The final level of fees will depend upon whether there is any change in the general level of risk in relation to the financial statements. This risk will be assessed in the external audit plan which KPMG will present to this Committee in March.

## **5 Conclusions in relation to the financial statements**

- 5.1 In line with the Audit Commission fee scales, KPMG have not increased their audit fee for the third year in a row. However the level of the fees is not fixed and depends upon:
- § the quality of the financial statements and related working papers;
  - § the final number of auditable grants and returns;
  - § the quality of all supplied evidence and working papers;
  - § the audit assessment as to the level of risk inherent in the Council's financial statements.
- 5.2 If there is any reason to amend the fees, KPMG will discuss them with officers of the Council and report back to this Committee with the reasons for the change.

## **6 Recommendations**

- 6.1 Members are asked to note the external audit fees for work relating to the 2014/15 financial year.

## **7 Background documents**

- 7.1 None.

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Our ref CH/004/let 663

Contact Chris Hall  
Tel 0113 231 3493

28 April 2014

Dear Alan

**Annual audit fee 2014/15**

I am writing to confirm the audit work and fee that we propose for the 2014/15 financial year at Leeds City Council. Our proposals are based on the risk-based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission.

As we have not yet completed our audit for 2013/14 the audit planning process for 2014/15, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary. We will naturally keep you informed.

The proposed indicative audit and certification fees for 2014/15 are shown below, along with a comparison to the prior year's audit. All fees are exclusive of VAT.

Audit area	Planned fee 2014/15	Planned fee 2013/14
Code of Audit Practice audit fee – Leeds City Council	£307,800	£307,800
Certification of grant claims & returns	£22,140	£24,721

The audit fee is unchanged from the planned fee for 2013/14 and the scale fee recommended by the Audit Commission. The fee for certification of grant claims & returns has seen a reduction from the planned fee for 2013/14 to reflect that there is an expectation that the number of claims & returns requiring certifying will reduce in 2014/15.

DCLG and HM Treasury are working with grant-paying bodies to develop assurance arrangements for certifying claims and returns following the closure of the Commission. Subject to confirmation, we expect these new arrangements to apply to 2014/15 claims and returns and therefore the following schemes to fall outside the Commission's arrangements:

- Pooling of housing capital receipts (CFB06);
- Teachers' pensions return (PEN05); and
- Local transport plan major projects (TRA11).

The Department for Work and Pensions (DWP) has asked the Audit Commission to prepare auditor guidance for the certification of housing benefit subsidy for 2014/15. We will therefore continue to certify the housing benefit subsidy claim under the Audit Commission's arrangements. The estimated indicative certification fee above therefore only covers this work. It is expected that arrangements for 2015/16 onwards will be made on the same basis by an independent private company to be set up by the Local Government Association, which will take on transitional responsibility for the management of the Audit Commission's audit contracts following its closure in March 2015.

The indicative fees are based on a number of assumptions, including that you will provide us with complete and materially accurate financial statements, with good quality supporting working papers, within agreed timeframes. It is imperative that you achieve this. If this is not the case and we have to complete more work than was envisaged, we will need to charge additional fees for this work. Our assumptions are set out in more detail in Appendix 1 to this letter.

In setting the fee at this level, we have assumed that the general level of risk in relation to the audit of the financial statements and certification work is not significantly different from that identified for the current year's audit. A more detailed audit plan will be issued later this year. This will detail the risks identified, planned audit procedures and (if required) any changes in fee. If we need to make any significant amendments to the audit fee during the course of the audit, I will first discuss this with you and then prepare a report for the Corporate Governance and Audit Committee, outlining the reasons why the fee needs to change.

We expect to issue a number of reports relating to our work over the course of the audit. These are listed at Appendix 2.

The proposed fee excludes any additional work we may agree to undertake at the request of Leeds City Council. Any such piece of work will be separately discussed and a detailed project specification agreed with you.



The key members of our audit team for the 2014/15 audit are:

Name	Role	Contact details
John Prentice	Director and Engagement Lead	John.Prentice@kpmg.co.uk (0113) 231 3935
Alison Ormston	Senior Manager	Alison.Ormston@kpmg.co.uk (0113) 231 3444
Chris Hall	Assistant Manager	Chris.Hall2@kpmg.co.uk (0113) 231 3493

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively, you may wish to contact KPMG's national contact partner for Audit Commission work, Trevor Rees (trevor.rees@kpmg.co.uk).

If we are unable to satisfy your concerns, you have the right to make a formal complaint to the Audit Commission. The complaints procedure is set out in the leaflet '*Something to Complain About*', which is available from the Commission's website ([www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)) or on request.

Yours sincerely



John Prentice  
Director

### Appendix 1 – Audit fee assumptions

In setting the fee, I have assumed that:

- the level of risk in relation to the audit of the financial statements is not significantly different from that identified for 2013/14;
- you will inform us of significant developments impacting on our audit;
- internal audit meets the appropriate professional standards;
- internal audit undertakes appropriate work on all systems that provide material figures in the financial statements sufficient that we can place reliance for the purposes of our audit;
- you will identify and implement any changes required under the CIPFA IFRS-based Code of Practice on Local Authority Accounting within your 2014/15 financial statements;
- your financial statements will be made available for audit in line with the timetable we agree with you;
- good quality working papers and records will be provided to support the financial statements in line with our *prepared by client* request and by the date we agree with you;
- requested information will be provided within agreed timescales;
- prompt responses will be provided to draft reports;
- complete and accurate claims and returns are provided for certification, with supporting working papers, within agreed timeframes; and
- additional work will not be required to address questions or objections raised by local government electors or for special investigations such as those arising from disclosures under the Public Interest Disclosure Act 1998.

Improvements to the above factors may allow reductions to the audit fee in future years. Where these assumptions are not met, we will be required to undertake additional work and charge an increased audit fee. The fee for the audit of the financial statements will be re-visited when we issue the detailed audit plan.

Any changes to our audit plan and fee will be agreed with you. Changes may be required if:

- new residual audit risks emerge;
- additional work is required by the Audit Commission, KPMG or other regulators; or
- additional work is required as a result of changes in legislation, professional standards or as a result of changes in financial reporting.

## Appendix 2: Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the Corporate Governance and Audit Committee.

Planned output	Indicative date
External audit plan	January 2015
Interim audit report	June 2015
Report to those charged with governance (ISA260 report)	September 2015
Auditor's report giving the opinion on the financial statements, value for money conclusion and audit certificate	September 2015
Opinion on Whole of Government Accounts return	September 2015
Annual audit letter	November 2015
Certification of grant claims and returns	January 2016

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**Report of the Deputy Chief Executive**

**Report to Corporate Governance and Audit Committee**

**Date: 11<sup>th</sup> July 2014**

**Subject: KPMG Interim Audit Report**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**Summary of main issues**

1. KPMG have completed their interim audit work. The work involved a review of the critical systems and controls which impact on the validity of the Council's financial statements.
2. They have also undertaken a data analytics exercise of three key financial systems. The validated findings of this work will be reported back to this Committee in September.
3. KPMG have also provided Committee with a technical update on significant issues which could potentially impact on the Council.

**Recommendations**

4. It is recommended that Members note:
  - The positive assurances provide by KPMG in respect of the work of Internal audit and on the systems and controls which underpin the Council's financial statements; and
  - That KPMG have undertaken a data analytics exercise, the findings of which will be reported to this Committee in September.

**1 Purpose of this report**

- 1.1 In line with the audit plan presented to this Committee in January, this report highlights the results of KPMG's interim audit work in relation to the 2013/14

financial statements and the initial work undertaken to support their 2013/14 Value for Money conclusion. KPMG's full report is attached.

## **2 Background information**

2.1 A significant proportion of the accounts audit is completed before KPMG receive the Council's financial statements. This initial audit work is designed to gain assurances on the Council's controls and procedures in order to minimise the audit coverage required at the final audit stage. The main procedures and controls assessed at this interim audit stage are as follows:

- § Evaluate controls over key financial systems via the work of Internal audit;
- § Assessment as to the overall IT control environment and in particular the access controls to the financial ledger;

2.2 In addition the interim audit undertakes an initial review of the risks identified within the audit plan in respect of the value for money conclusion.

2.3 This covering report highlights any significant findings in respect of this initial audit work.

## **3 Main issues**

### **3.1 Interim Audit work on the Financial Accounts**

3.1.1 KPMG have completed their interim audit work on the accounts and have not identified any significant issues.

3.1.2 Overall KPMG have confirmed that the interim audit work has provided audit assurance in respect of the following:

- LCC has an effective IT control environment (subject to the three minor issues identified);
- Internal Audit's work covered all the key financial systems and there is no requirement to undertake additional work in respect of these systems as part of the final accounts audit.

### **3.2 Value for Money conclusion**

3.2.1 Initial work on the VFM conclusion has concentrated on the key risk of achieving the Council's savings plan. Discussions have taken place with senior officers throughout the year, along with a review of relevant documentation, and KPMG have indicated that good progress is being made in ensuring that the Council achieves its 2013/14 savings plan.

### **3.3 Addition work undertaken for 2013/14**

3.3.1 In addition to the above, KPMG have introduced two new elements to the interim audit, a data analytics exercise and a technical update.

3.3.2 In respect of the former, KPMG have extracted and modelled raw data from Council systems (payroll, accounts payable and journals) in order to produce data analytics for investigation by Council officers. Officers have been asked to validate the findings and provide appropriate explanations to enable KPMG to report any control issues or inefficiencies to this Committee in September.

3.3.3 The technical update provides a series of articles and announcements which may impact on Local Government. The update is split between those that could have an impact on the Council whilst others are for information only.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

4.1.1 The interim audit does not raise any issues requiring consultation or engagement with the public, Ward members or Councillors.

### **4.2 Equality and Diversity / Cohesion and Integration**

4.2.1 There are no issues regarding equality, diversity, cohesion and integration.

### **4.3 Council policies and City Priorities**

4.3.1 Under this Committee's terms of reference members are required to consider the Council's arrangements relating to external audit, including the receipt of external audit reports. This is to provide a basis for gaining the necessary assurance regarding governance prior to the approval of the Council's accounts.

### **4.4 Resources and value for money**

4.4.1 The interim audit provides an initial assessment as to whether the Council has proper arrangements for securing value for money.

### **4.5 Legal Implications, Access to Information and Call In**

4.5.1 The report does not require a key decision and is therefore not subject to call-in.

### **4.6 Risk Management**

4.6.1 KPMG have not identified any significant risks in the interim audit which require officer action as part of the process for completing the 2013/14 accounts.

## **5 Conclusions**

5.1 There are no major issues raised in KPMG's interim audit which would impact on the level of audit work required to certify the Council's financial statements.

5.2 Further work is required on validating the data analytics prior to reporting the findings to this Committee in September.

## **6 Recommendations**

6.1 It is recommended that Members note:

- The positive assurances provide by KPMG in respect of the work of Internal audit and on the systems and controls which underpin the Council's financial statements; and
- That KPMG have undertaken a data analytics exercise, the findings of which will be reported to this Committee in September.

## **7 Background documents<sup>1</sup>**

7.1 None

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

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*cutting through complexity*

# External audit progress report and technical update

Leeds City Council  
June 2014

This report provides the Corporate Governance and Audit Committee with an overview on progress in delivering our responsibilities as your external auditors.

The report also highlights the main technical issues which are currently having an impact in local government.

If you require any additional information regarding the issues included within this report, please contact a member of the audit team.

Interim Report			
Section 1 – progress report	2	Section 2 – summary interim findings	3
Section 3 – IT control environment	5	Section 4 – Value for Money Conclusion update	7
Section 5 – data analytics	9	Section 6 – technical update	10
Appendices			
Appendix 1 – Update on prior year recommendations	22	Appendix 2 – 2013/14 Audit deliverables	25

## Section 1 – External audit progress report – June 2014

This document provides the Corporate Governance and Audit Committee with a high level overview on progress in delivering our responsibilities as your external auditors.

At the end of each stage of the audit we issue certain deliverables, including reports and opinions. A summary of progress against these deliverables is provided in appendix two of this report

Area of responsibility	Commentary
<b>Financial statements</b>	<p>We completed our interim audit work in February and include our findings in section two. In addition to our routine interim work we started a piece of work on data analytics in April which intends to provide the Council with positive assurance over the controls over payroll, journals and accounts payable transactions.</p> <p>We will commence our final accounts audit from w/c 14 July.</p>
<b>Value for Money Conclusion</b>	<p>We have carried out work on the Value for Money Conclusion throughout 2013/14 through our discussions with senior officers and review of documentation. We have included an update on this in our interim report in section four.</p> <p>In addition to this, we recently attended a Health &amp; Wellbeing Board meeting to observe the board in operation and will consider the findings from this and associated work as part of our overall risk assessment.</p>
<b>Certification of claims and returns</b>	<p>This work is still at planning stage, with an initial kick off meeting for the Housing Benefit Subsidy claim due to take place in late June / early July and the majority of this work scheduled to be carried out from September.</p>
<b>Other work</b>	<p>In March, we carried out an additional piece of work on the Leeds International Film Festival grant claim to provide assurance that the grant funding from the European Commission was spent in accordance with the terms and conditions of the grant. There were minor changes required to the claim form to reflect the claiming of ineligible expenditure.</p> <p>In late June, we will start an additional piece of work on arrangements at Migration Yorkshire. Our review will assess whether the Council is meeting its responsibilities as co-ordinator for the partnership. We are due to report back to the team in July.</p>
<b>Data Analytics</b>	<p>Data analytics is a process of inspecting, cleaning, transforming, and modelling data with the goal of discovering useful information, suggesting conclusions, and supporting decision making.</p> <p>We have carried out data analytics procedures at the Council for the first time in 2013/14 as a piece of work which supplements our regular interim audit work on the control environment.</p> <p>We carried out data analytics work on data from months 1-10 of the 2013/14 financial year from accounts payable, payroll and journal system reports and have summarised results on pages 3 and 4 and provide examples in section five. Officers are currently reviewing the findings and we will provide a full report to the next committee meeting.</p>

## Section 2 – summary of interim findings

Good controls are in place over journals, however, officers are reviewing whether the process can be made more efficient by reducing the amount of small value journals processed.

Officers are looking into the results of our data analytics procedures, specifically around the timing of invoice payments and the number of invoices without purchase orders.

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Area of responsibility	Commentary
<p><b>Journals</b></p>	<p>Our data analytics work reviewed whether controls are in place around the raising of journals and whether there is scope to improve the efficiency of the process.</p> <p>As in previous years, there is no enforced segregation of duties in place when posting journals within the FMS system. Instead, the control comes from the small number of people given the right to raise journals within FMS. Currently there are 359 people who can do this.</p> <p>Our data analytics work identified there are some individuals posting very few journals throughout the period tested and instances where very small journals in monetary terms were posted and we have therefore challenged management on whether this is efficient.</p> <p>We reviewed whether there is consistency in the number and value of journals posted throughout the year and whether there is a large number of journals posted on weekends and bank holidays. We cross-matched to leavers data to check whether any journals were posted from someone's user ID after they had left the organisation. We obtained satisfactory explanations for all queries and did not identify any risks from this testing.</p>
<p><b>Accounts Payable</b></p>	<p>Our data analytics work reviewed whether controls are in place around the raising of invoices and whether processes around raising and paying invoices are efficient.</p> <p>Our work identified there are no significant control issues , but there are potentially areas where the Council can improve processes around data quality and efficiency. Officers are currently reviewing the results of the data analytics work and we will provide a full report to the next committee meeting.</p> <p>Officers are looking into whether a significant number of invoices are paid early or whether the way dates have been recorded in the system is skewing the findings.</p> <p>There might be scope to improve the processes around raising purchase orders in advance of incurring the expenditure, with the analysis showing only 42% of invoices had a purchase order. Of these purchase orders, around a fifth were significantly lower than the actual expenditure incurred which raises questions over whether costs are being managed appropriately. These findings are also being reviewed by officers.</p>

## Section 2 – summary of interim findings (cont.)

No controls weaknesses or significant Value for Money issues have been identified in relation to payroll expenditure. Potential inefficiencies have been identified over the level of overtime expenditure, however, this is not a Council-wide issue.

Page 39  
Our work over the IT control environment found controls to be in place. Further information is provided in section 3.

Our review of internal audit's work found the coverage of the work to be appropriate and no issues were identified over the quality of the work.

Area of responsibility	Commentary
Payroll	<p>Our data analysis work around payroll focussed on salary, overtime and sickness expenditure per month and per directorate. There are some variances on a month-by-month basis, but nothing that gives rise to a significant risk.</p> <p>The analyses showed that some individuals appear to be receiving a significant amount of overtime which could potentially point towards inefficiencies within some directorates.</p> <p>We have also asked officers to review some anomalies in the payroll data, for example, individuals with negative gross salary, but we are anticipating there is a valid reason for all anomalies.</p>
IT	<p>Our work on IT included assessing the overall control environment, testing of access controls over the FMS general ledger system and following up on prior year recommendations.</p> <p>The overall control environment is sound. We found that back up processes are in place and information is retained in the event of system failure and program development arrangements are tested and approved before being implemented.</p> <p>Controls are in place around the FMS system to ensure password parameters are configured appropriately and super user access is restricted to appropriate officers.</p> <p>One of the three prior year recommendations have now been addressed, with one to be confirmed following completion of testing and one partially addressed over server access.</p> <p>See section three and appendix one for more information on IT controls.</p>
Internal audit	<p>In April 2014, when internal audit's work on the fundamental systems was substantially complete, we reviewed all files to identify any control weaknesses or other issues that could impact on our planning. Their findings provide substantial comfort that the Council is operating a sound control environment.</p> <p>We did not identify any risks through this process. As in the previous year, internal audit's work covered all of the key financial systems, and we did not identify any issues over the quality of this work.</p>

Our work on the IT control environment is key to our overall risk assessment.

We review the overall IT control environment as well as test controls within specific financial systems.

We found both general IT controls and controls within the FMS General Ledger system to be operating effectively.

### Work completed

The identification of risks and controls within IT is key to our overall risk assessment and therefore integrated with our overall audit plan. This is because IT controls are fundamental to the effective operation of the Council's internal control processes, to ensure accuracy in the financial reporting and budget monitoring.

Our work consists of forming an understanding of the overall arrangements for ensuring a sound IT control environment. For example:

- The skills and structure of the team
- Business continuity arrangements
- Security of servers and access
- 3<sup>rd</sup> party suppliers

We assess this through meetings with key officers within the IT team and review of documentation, such as IT policies, system downtime reports and structure charts.

We also carried out detailed testing on the FMS General Ledger system, as this is fundamental to the production of the financial statements and other financial information. Our work consisted of testing:

- Approval of new starters granted access to the system;
- Leavers being removed from the system;
- Password parameter configuration;
- Super User access;
- Testing and approval of programme developments; and
- Back up scheduling and management.

Our work in this area is complete, with the exception of testing of starters and leavers, which will be completed during the final accounts audit.

### Key findings

We conclude on the basis of work carried out that your IT controls are effective overall. We will report back on the two outstanding tests around approval of starters and removal of leavers in our ISA260 report following completion of the final accounts audit.

#### Password parameter configuration

Through enquiry and observation we found that passwords are sufficiently complicated and required to be changed on a regular basis.

#### Super User access

Testing of Super Users found that all officers given this access were appropriate for their job role. These are reviewed on a monthly basis and approved at an appropriate level.

#### Testing and approval of programme developments

We reviewed the five stage process for approving system developments. This found that all significant FMS developments are set out in a business case, before being approved at the IT Commissioning Board. A test plan is created which is monitored to ensure that any changes are implemented successfully.

#### Back up scheduling and management

We found that daily, weekly and monthly backups are made of the FMS system and these are retained for an appropriate length of time and off-site.

We followed up on our prior year recommendations and found that controls around access to server rooms are now appropriate and that asset register programme changes are appropriately authorised.

Our testing around FMS starters was incomplete at the time of writing this report.

### Summary assessment

FMS test	Assessment
Password parameter configuration	3
Super user access	3
Testing and approval of programme developments	3
Backup scheduling and management	3
Approval of starters	TBC
Removal of leavers	TBC

Key:

- 1 Significant gaps in the control environment
- 2 Deficiencies in respect of individual controls
- 3 Generally sound control environment

### Follow up of prior year recommendations

In 2012/13, we made three recommendations on the IT control environment and we have followed each one up to see if the issue has been addressed. The findings are summarised here with more detail given in appendix one:

#### Physical access to server rooms

In 2012/13 we raised that there is a large number (124) of officers with access to server rooms and this increases the risk that the servers could be compromised. Review of access in our interim audit identified that there remains a similar number of officers with access to servers. However, we are now satisfied that there are controls in place to initially grant access to only appropriate officers and review these users on a regular basis.

#### Asset register programme change authorisation

We previously reported that although programme changes are tested before implementation, there was no process in place to authorise the changes. This has since been addressed and there is now a formal process in place.

#### FMS Starters Process

This recommendation followed 2012/13 testing which showed appropriate evidence was not retained for new starters who were granted access to FMS. This will be re-assessed following completion of our starters testing which is not yet complete.

Our VFM conclusion considers how the Council secures financial resilience and challenges how it secures economy, efficiency and effectiveness.

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

Our External Audit Plan 2013/14 describes in more detail how the VFM audit approach operates.

### Background

Auditors are required to give their statutory VFM conclusion based on two criteria specified by the Audit Commission. These consider whether the Authority has proper arrangements in place for:

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

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

work accordingly.

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

### Overview of the VFM audit approach

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





## Section 4 – Value for Money Conclusion update (cont.)

As in 2012/13, we have identified one key focus area of our work on VFM in 2013/14, which relates to the Authority’s financial standing and savings plans.

Our review at month 10 did not identify any risks over the Authority’s financial position.

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### Work completed

We identified one focus area to our VFM conclusion at the planning stage and have undertaken some work to date to assess the Authority’s approach to managing this.

### Key findings

Below we set out our interim assessment of the response to this focus area.

We will report our final conclusions in our *ISA 260 Report 2013/14*.

Key VFM risk	Risk description and link to VFM conclusion	Work undertaken to date and interim assessment
	<p>The Authority set a budget for 2013/14 with a requirement to make further savings of £51 million due to reduced funding and continued cost pressures. This includes a net reduction in staffing equivalent to 388 full-time equivalent posts by the end of 2013/14.</p> <p>The Authority will need to establish and manage its savings plans to secure longer term financial and operational sustainability and ensure that any related liabilities are accounted for in its 2013/14 financial statements as appropriate.</p>	<p>At month 10, the Authority was making good progress achieving its budget, with an underspend of £3.5m reported at that stage.</p> <p>The Authority was forecasting a £2.2m overspend within staff costs, citing the employment of agency staff as one of the drivers of this.</p> <p>Despite the known pressures within Adult Social Care and Children’s Services, these directorates were broadly on course to achieve their budgets, with a small overspend in Children’s of £381k and an underspend of £499k being forecast at month 10.</p> <p>We will continue to monitor budget performance through to outturn and during our final accounts work we will ensure the budget outturn report reconciles to the financial statements.</p>

**Our data analytics work was not complete at the time of writing this report. Instead, we include some background to the work and an example from each area we tested.**

**We are giving officers sufficient time to review the findings and provide explanations on the results before we finalise our report.**

**We will provide a full report at the next Corporate Governance and Audit Committee.**

### What is data analytics?

Data analytics is a process of inspecting, cleaning, transforming, and modelling data with the goal of discovering useful information, suggesting conclusions, and supporting decision making.

We have carried out data analytics procedures on accounts payable, payroll and journal data as part of our interim audit work.

The nature of the work means lots of questions are raised from the analysis, some pointing to control weaknesses or inefficiencies and some ‘red herrings’. At this stage we do not have enough certainty to conclude there are any control weaknesses or inefficiencies arising from our data analytics work.

It is therefore important to allow officers sufficient time to review our data in order to ensure any findings are valid. We have included a brief description of our analyses that officers are reviewing and we will provide more comprehensive feedback at the next committee meeting.

### Accounts Payable

We took accounts payable data from months 1-10 (inclusive) of 2013/14 and analysed this to identify if there were any control weaknesses in the way invoices are approved and whether there are inefficiencies in the raising and payment of invoices.

An example of our work in this area is our analysis of when invoices were paid compared to when they were due. Officers are investigating whether there are inefficiencies in the timing of payments, whether the recording of dates within the system is inaccurate or whether there is a legitimate reason for the results, which show that a large number of invoices are paid early.

### Payroll

Using the first ten months data from the payroll system we carried out an analysis of overtime and sick pay compared with basic pay to identify whether this pointed towards inefficiencies or Value for Money issues.

An example of our work in this area is we analysed overtime expenditure both monthly and by directorate. It shows that overtime is broadly consistent over the ten month period but varies significantly between departments. Officers are reviewing the data to identify any areas where efficiencies can be achieved.

### Journals

Journals from months 1-10 were analysed to identify the number of users raising journals, how often those individuals raised journals and the value of journals raised. An example of our findings is that the analysis shows that there was a large number of small value journals posted. Officers are reviewing all journal data to see if the analysis points towards inefficiencies in this process or whether automatic journals account for the majority of the small journals posted.

The technical update report provides a series of articles and announcements from the sector in order to provide information to members on the latest sector developments. The report is split between those that we assess as having a potential impact on the Authority and those we include for information only. The Committee may wish to challenge officers on some of the articles, for example to receive assurances that the matters raised in the report have been dealt with.

This section of the report highlights the main technical issues which are currently having an impact in local government.



If you require any additional information regarding the issues included within this report, please contact a member of the audit team. We have flagged the articles that we believe will have an impact at the Authority and given our perspective on the issue:

- High impact
- Medium impact
- Low impact
- For info

Technical Update					
Final local government finance settlement 2014/15	●	14	Audit Commission consultation on 2014/15 work programme and scales of fees for the National Fraud Initiative	●	20
Draft order published reflecting changes to council tax calculations	●	14	Audit Commission 14/15 Scale Fees confirmed	●	21
Department of Health publishes directions and an explanatory note for the 2014 transfer of funds from the NHS to local authorities	●	15	Local Audit and Accountability Act 2014	●	21
Housing Revenue Account Borrowing Programme	●	16	Are other local authorities making more money? (CIPFA article)	●	21
CIPFA/LASAAC consultation – schools accounting	●	16	Value for money data briefing on waste collection	●	22
LAAP Bulletin 98: Closure of the 2013/14 Accounts and Related Matters and	●	17	Value for money data briefing on benefits administration	●	22
Annual fraud and corruption survey 2013/14	●	18	Administration of Benefits, including overpayments, cost councils £829m (Audit Commission article)	●	23
CIPFA Technical Accounting Alert – Frequency of Valuations for Property, Plant and Equipment	●	19	High central costs in some councils need greater scrutiny (Audit Commission article)	●	23
Whole of government accounts timetable	●	19	Children’s social care: the case for early intervention (CIPFA article)	●	23

Area	Level of Impact	Comments
<b>Final local government finance settlement 2014/15</b>	<p style="text-align: center;">● High</p>	<p>On 5 February 2014 the Government published the final local government finance settlement for 2014/15. In addition, the Government has proposed that any council tax increases made by billing or precepting authorities of 2 per cent or more will be subject to a referendum.</p> <p>For more information, visit <a href="https://www.gov.uk/government/speeches/final-local-government-finance-settlement-2014-to-2015">https://www.gov.uk/government/speeches/final-local-government-finance-settlement-2014-to-2015</a></p>
<b>Draft order published reflecting changes to council tax calculations</b>	<p style="text-align: center;">● High</p>	<p>The draft Localism Act 2011 (Consequential Amendments) Order 2014 was published on 9 January 2014. It proposes changes to sections 73 to 79 of the Localism Act 2011 that require billing authorities, major precepting authorities and local precepting authorities in England to calculate a council tax requirement for a financial year. Previously, such authorities were obliged to calculate a budget requirement for a financial year.</p> <p>The draft Order makes amendments to:</p> <ul style="list-style-type: none"> <li>• section 31A(5) of the Local Government Finance Act 1992 (LGFA 1992) to exclude sums that have been or are transferred from an authority's general fund to its collection fund;</li> <li>• section 42A of the LGFA 1992 to ensure that grant repayments are taken into account as expenditure under section 85(4)(a) of the Greater London Authority Act 1999 (GLA 1999); and</li> <li>• schedule 6 of the GLA 1999 to provide that, if the approved consolidated budget or council tax requirement is found to be excessive, the GLA must agree a substitute consolidated budget or council tax requirement before (or after) the end of the financial year, if it has not already done so.</li> </ul> <p>The draft Order will have effect in relation to financial years beginning 1 April 2014.</p>



Area	Level of Impact	Comments
<p data-bbox="64 325 292 551">Department of Health publishes directions and an explanatory note for the 2014 transfer of funds from the NHS to local authorities</p> <p data-bbox="58 725 91 843" style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 47</p>	<p data-bbox="364 325 426 401">● High</p>	<p data-bbox="478 325 1984 408">On 4 April, the Department of Health (DH) issued the National Health Service Commissioning Board (Payments to Local Authorities) Directions 2014. The 2014 directions, which apply in respect of NHS England's (NHSE's) payment of £1.1 billion to local authorities in respect of their social care functions for the financial year 2014/15, came into force on 1 April.</p> <p data-bbox="478 425 1984 536">Each local authority and NHS England should enter into an agreement in relation to the payments to be made and the conditions that apply. The 2014 Directions, and the updated National Health Service (Conditions relating to Payments by NHS Bodies to Local Authorities) Directions 2013, impose certain conditions that must be met in relation to each payment. These include conditions that:</p> <ul data-bbox="478 554 1984 801" style="list-style-type: none"> <li>▪ the funding must be used to support adult social care services which also have a health benefit;</li> <li>▪ the local authority and its local clinical commissioning groups (CCGs) agree how the funding is best used within social care and the outcomes that are expected from the investment;</li> <li>▪ local authorities and CCGs have regard to the Joint Strategic Needs Assessment for their local population and existing commissioning plans for both health and social care in deciding how the funding is to be used; and</li> <li>▪ local authorities must be able to demonstrate how the funding transfer will improve social care services and outcomes for their users.</li> </ul> <p data-bbox="478 818 1984 872">NHSE must not place any other conditions on the funding transfers without the written agreement of the DH and must ensure that it has access to timely information on how the funding is being used locally.</p>

Area	Level of Impact	Comments
Housing Revenue Account Borrowing Programme  Page 48	 <b>High</b>	<p>On 7 April the government launched the Housing Revenue Account Borrowing Programme which makes £300 million of borrowing available to provide 10,000 new affordable homes in 2016/16 and 2016/17. This funding will form part of the Local Growth Fund, available to local authorities who have a proposal agreed by their Local Enterprise Partnership.</p> <p>The government also published a revised set of General Consents under Section 25 of the Local Government Act 1988 which allows councils to dispose of vacant housing land to private registered providers and non-registered providers at less than market value.</p> <p>For more information visit <a href="https://www.gov.uk/government/news/extra-borrowing-powers-for-councils-to-build-10000-affordable-homes">https://www.gov.uk/government/news/extra-borrowing-powers-for-councils-to-build-10000-affordable-homes</a></p> <p>&amp;</p> <p><a href="https://www.gov.uk/government/publications/general-consents-for-privately-let-housing">https://www.gov.uk/government/publications/general-consents-for-privately-let-housing</a></p>
CIPFA/LASAAC consultation – schools accounting	 <b>Medium</b>	<p>On 21 February 2014, CIPFA/LASAAC released the single issue consultation – Accounting for Schools in Local Authorities in England and Wales relating to the 2014/15 Code of Practice on Local Authority Accounting in the United Kingdom.</p> <p>For more information, visit <a href="http://www.cipfa.org/SingleIssueITCAccountingforSchoolsinLocalAuthorities">http://www.cipfa.org/SingleIssueITCAccountingforSchoolsinLocalAuthorities</a>.</p> <p>The consultation paper sought views on the report of the Joint HM Treasury and CIPFA/LASAAC <i>Public Sector Accounting for Schools Working Group – The Accounting Treatment of Local Authority Maintained Schools in England and Wales</i>. It also provided an exposure draft addendum to the 2014/15 Code and an invitation to comment for public consultation. The 2014/15 Code will apply to accounting periods starting on, or after, 1 April 2014.</p> <p>This consultation closed on 4 April 2014.</p>

Area	Level of Impact	Comments
<p><b>LAAP Bulletin 98: Closure of the 2013/14 Accounts and Related Matters</b></p> <p>Page 49</p>	<p>● <b>Medium</b></p>	<p>CIPFA has issued LAAP Bulletin 98: Closure of the 2013/14 Accounts and Related Matters which clarifies a number of issues regarding the preparation of 2013/14 financial statements in response to FAQs in relation to:</p> <ul style="list-style-type: none"> <li>▪ public health reform;</li> <li>▪ Non-Domestic Rates – provision for appeals against the rateable value of business properties;</li> <li>▪ component accounting;</li> <li>▪ accounting for pension interest costs in relation to current service cost and pension administration costs; and</li> <li>▪ disclosure requirements for dedicated schools grant.</li> </ul> <p>The bulletin also highlights a number of other issues affecting the closure of the 2013/14 accounts:</p> <ul style="list-style-type: none"> <li>▪ accounting standards that have been issued but have not yet been adopted;</li> <li>▪ use of example financial statements for preparation of the 2013/14 accounts;</li> <li>▪ minor amendment to Code 2013/14 guidance notes on the use of indices;</li> <li>▪ technical alerts; and</li> <li>▪ notification of the discontinuance of Icelandic and capital interest rates bulletins.</li> </ul> <p>With regard to future accounting periods, the Bulletin also provides an update on issues affecting 2014/15 and on the measurement of transport infrastructure assets in 2016/17.</p>

Area	Level of Impact	Comments
<p>Annual fraud and corruption survey 2013/14</p> <p>Page 50</p>	<p>● Low</p>	<p>The Audit Commission annual fraud and corruption survey has been open to complete from 7 April.</p> <p>The survey requests information on detected fraud and corruption for the 2013/14 financial year. Completion and submission of the survey by audited bodies is a mandatory requirement under section 48 of the Audit Commission Act 1998.</p> <p>During the week commencing 7 April the Commission sent a link to the survey (using the Outreach EDC system) to directors of finance, or equivalent, at all principal local government bodies:</p> <ul style="list-style-type: none"> <li>▪ local authorities;</li> <li>▪ police and crime commissioners;</li> <li>▪ chief constables;</li> <li>▪ the Mayor’s Office for Policing and Crime;</li> <li>▪ the Commissioner of Police of the Metropolis;</li> <li>▪ the Greater London Authority and associated bodies;</li> <li>▪ fire and rescue authorities;</li> <li>▪ national parks authorities;</li> <li>▪ waste disposal authorities;</li> <li>▪ integrated transport authorities;</li> <li>▪ passenger transport executives; and</li> <li>▪ stand-alone pensions authorities</li> </ul> <p>The closing date for completion and submission of the survey is 16 May.</p>



Area	Level of Impact	Comments
<b>CIPFA Technical Accounting Alert – Frequency of Valuations for Property, Plant and Equipment</b>	 <b>Low</b>	<p>CIPFA has issued a Technical Accounting Alert on the Frequency of Valuations for Property, Plant and Equipment. The Alert provides guidance to local authorities in interpreting the requirements for the revaluation of property, plant and equipment, but confirms that there are no changes to the requirements of the <i>CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14</i> which is still based on the underlying requirement to comply with IAS 16: Property, Plant and Equipment.</p> <p>For more information visit: <a href="http://www.cipfa.org/-/media/Files/Policy%20and%20Guidance/Panels/Local%20Authority%20Accounting%20Panel/Technical%20Alert%20Frequency%20of%20Valuations%20Final%20for%20publication.pdf">http://www.cipfa.org/-/media/Files/Policy%20and%20Guidance/Panels/Local%20Authority%20Accounting%20Panel/Technical%20Alert%20Frequency%20of%20Valuations%20Final%20for%20publication.pdf</a></p>
<b>Whole of government accounts (WGA) timetable</b>	 <b>Low</b>	<p>HM Treasury has now published a corrected timetable for the submission of draft and audited Whole Government Accounts returns following the release of the WGA Newsletter – March 2014, which contained incorrect information.</p> <p>The revised timetable is on their website alongside various templates that audited bodies will be required to complete during the WGA process.</p> <p>For more information visit <a href="https://www.gov.uk/government/publications/whole-of-government-accounts-2013-to-2014-guidance-for-preparers">https://www.gov.uk/government/publications/whole-of-government-accounts-2013-to-2014-guidance-for-preparers</a></p>

Area	Level of Impact	Comments
<p data-bbox="64 582 93 702">Page 52</p> <p data-bbox="64 325 302 518"><b>Audit Commission consultation on 2014/15 work programme and scales of fees for the National Fraud Initiative</b></p>	<p data-bbox="389 325 437 396">● Low</p>	<p data-bbox="503 325 1970 408">From Monday 31 March the Audit Commission consulted on its proposed work programme and scales of fees for the 2014/15 National Fraud Initiative (NFI). The transfer of the Commission's data matching functions (the NFI) to the Cabinet Office is expected to take place when the Commission closes at the end of March 2015.</p> <p data-bbox="503 425 1984 482">The NFI 2014/15 work programme and scale of fees covers the Commission's final set of data matching activities and there will be work-in-progress at 31 March 2015 which will need to be completed by the Cabinet Office after the transfer.</p> <p data-bbox="503 496 727 525"><b>Work Programme</b></p> <p data-bbox="503 525 1976 582">Existing mandatory data matches will continue to be a part of the NFI 2014/15 work programme. In addition the Commission is also proposing to introduce two new mandatory requirements in the NFI 2014/15:</p> <ul data-bbox="503 586 1970 679" style="list-style-type: none"> <li>• Council tax to electoral register data sets will be requested from local authorities every year - currently this data is requested every two years; and</li> <li>• Personal budget (direct payments) data will be introduced.</li> </ul> <p data-bbox="503 715 665 743"><b>Consultation</b></p> <p data-bbox="503 743 1984 868">The Commission is proposing to carry out the NFI work programme, including the additional elements, within the existing scale of fees for mandatory participants. The consultation commenced on 31 March and continued until 12 May. The Commission will publish the final work programme and scales of fees for the NFI 2014/15 on 30 June. The consultation documents were available on the Commission's website from Monday 31 March.</p> <p data-bbox="503 903 1690 932">For more information visit <a href="http://www.audit-commission.gov.uk/fraud/nfi/public-sector/pages/fees.aspx">http://www.audit-commission.gov.uk/fraud/nfi/public-sector/pages/fees.aspx</a></p>

Area	Level of Impact	Comments
<b>Audit Commission 14/15 Scale Fees confirmed</b>	<p style="text-align: center;">●</p> <p style="text-align: center;"><b>For information</b></p>	<p>The 2014/15 work programme and scales of fees are now available, alongside the lists of fees for individual bodies. A summary of the responses to the Audit Commission consultation on the work programme and fees is also available.</p> <p>For more information visit <a href="http://www.audit-commission.gov.uk/audit-regime/1415WPSF">http://www.audit-commission.gov.uk/audit-regime/1415WPSF</a></p>
<b>Local Audit and Accountability Act 2014</b>	<p style="text-align: center;">●</p> <p style="text-align: center;"><b>For information</b></p>	<p>The Local Audit and Accountability Act 2014 received Royal Assent on 30 January. The Act makes it possible for the Audit Commission to close, in line with the Government’s expectations, on 31 March 2015. In its place there will be a new framework for local public audit, due to start after the Commission’s current contracts with audit suppliers end in 2016/17, or in 2019/20 if they are extended. A transitional body, which is being set up by the Local Government Association, will oversee the contracts in the intervening period.</p> <p>In the statement the Commission’s Chairman explains the main aims of the organisation in its final 14 months. Jeremy Newman also confirms plans are already in place for many of the residual responsibilities that will transfer to new organisations and highlights those for which a new owner has not yet been agreed.</p> <p>The Audit Commission’s press release is available to view on its website:  <a href="http://www.audit-commission.gov.uk/2014/01/finish-line-in-sight-for-audit-commission/">http://www.audit-commission.gov.uk/2014/01/finish-line-in-sight-for-audit-commission/</a></p>
<b>Are other local authorities making more money? (CIPFA article)</b>	<p style="text-align: center;">●</p> <p style="text-align: center;"><b>For information</b></p>	<p>“In this period of prolonged austerity, it is essential for local authorities to take advantage of the various income generation streams available to them if they wish to raise additional revenue as a means of providing funding for services. “</p> <p>Read the full article at: <a href="http://www.cipfa.org/policy-and-guidance/articles/are-other-local-authorities-making-more-money">http://www.cipfa.org/policy-and-guidance/articles/are-other-local-authorities-making-more-money</a></p>

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Area	Level of Impact	Comments
<p>Value for money data briefing on waste collection</p> <p>Page 54</p>	<p>● For information</p>	<p>The Audit Commission has published Local authority waste management, the latest in a series of value for money (VFM) data briefings analysing data in the VFM profiles tool. The briefing examines spending and performance on household waste management.</p> <p>In 2012/13 the average spending on household waste management varied between local authorities with similar responsibilities. For example most authorities that both collect and dispose of waste (58 per cent) spent between £125 and £175 per household in 2012/13 but thirteen per cent spent more than £200 per household.</p> <p>In 2012/13, the amount of waste recycled varied from 12 per cent up to 67 per cent, with 40 authorities recycling less than 30 per cent of their household waste. And while landfill has reduced everywhere some regions are still more reliant than others.</p> <p>The variation in performance and spending suggests there may be opportunities to reduce expenditure. If councils were able to reduce their spending to the average for their authority type and waste responsibilities potentially up to £464 million could be saved overall. Any savings could be used to support more sustainable forms of waste management or be reinvested in other services.</p> <p>Previous briefings on councils' expenditure on benefits administration, council tax collection, social care for older people, income from charging and business rates are also available on the Commission's website.</p> <p>For more information visit <a href="http://www.audit-commission.gov.uk/information-and-analysis/value-for-money-briefings-2/">http://www.audit-commission.gov.uk/information-and-analysis/value-for-money-briefings-2/</a></p>
<p>Value for money data briefing on benefits administration</p>	<p>● For information</p>	<p>The Commission has published Councils' expenditure on benefits administration, the latest in its series of value for money (VFM) data briefings analysing data in the VFM profiles tool. The briefing compares the cost of benefits administration to councils with the Department of Work and Pensions (DWP) funding received. The briefing reports that costs exceeded funding by £361 million in 2012/13, but identifies significant variations in the amount each council spends when compared with other councils of similar size and caseload.</p> <p>To read the report, visit: <a href="http://www.audit-commission.gov.uk/2014/01/administration-and-overpayment-of-benefits-cost-councils-829-million/">http://www.audit-commission.gov.uk/2014/01/administration-and-overpayment-of-benefits-cost-councils-829-million/</a></p> <p>Visit the VFM profiles tool website at: <a href="http://www.audit-commission.gov.uk/information-and-analysis/">http://www.audit-commission.gov.uk/information-and-analysis/</a></p> <p>The briefing also reports that in 2012/13 councils paid £468 million more in benefits than they received in subsidy from DWP. Councils are encouraged to use the national and local data to get a better understanding of their performance and costs and consider the scope to reduce their costs by improving their efficiency and reducing errors, overpayments and fraud.</p> <p>Previous briefings on council tax collection, social care for older people, income from charging and business rates are also available on the at <a href="http://www.audit-commission.gov.uk/information-and-analysis/value-for-money-briefings-2/">http://www.audit-commission.gov.uk/information-and-analysis/value-for-money-briefings-2/</a></p>

Area	Level of Impact	Comments
<b>Administration of Benefits, including overpayments, cost councils £829m (Audit Commission article)</b>	<p style="text-align: center;">● <b>For information</b></p>	<p>Councils administer housing benefit on behalf of central government. They also administered council tax benefit until it was replaced in April 2013 by local council tax support schemes. Councils' local arrangements, such as how quickly, accurately and efficiently they process claims, affect the amount they spend administering benefits and the amount of subsidy they receive from the Department for Work and Pensions (DWP). By improving their performance, councils can reduce their costs, which are in excess of £800 million per year.</p> <p>Read the full article <a href="http://www.audit-commission.gov.uk/2014/01/administration-and-overpayment-of-benefits-cost-councils-829-million/">http://www.audit-commission.gov.uk/2014/01/administration-and-overpayment-of-benefits-cost-councils-829-million/</a></p>
<b>High central costs in some councils need greater scrutiny (Audit Commission article)</b>	<p style="text-align: center;">● <b>For information</b></p>	<p>The Audit Commission has published new analysis of data on English councils' central management costs in its briefing, Councils' Centrally Managed Spending: Using Data From the Value for Money Profiles. Overall spending on corporate and democratic management reduced by 13 per cent from 2003/04 to 2012/13, while spending on central management support to services increased by 10 per cent. However, gaps and inconsistencies in councils' recorded spending in these areas will, the Commission says, hinder councils' attempts to identify savings and undermines accountability to taxpayers. As a result, the Commission is calling for greater local scrutiny and more consistent reporting by councils of their central management spending.</p> <p>Read the full article <a href="http://www.audit-commission.gov.uk/2014/02/high-central-costs-in-some-councils-need-greater-scrutiny-2/">http://www.audit-commission.gov.uk/2014/02/high-central-costs-in-some-councils-need-greater-scrutiny-2/</a></p>
<b>Children's social care: the case for early intervention (CIPFA article)</b>	<p style="text-align: center;">● <b>For information</b></p>	<p>"Children's social care is a politically sensitive and emotive area. Yet under the austerity measures, it has seen increased demand, to be met by a smaller pool of funding. Department for Education (DfE) Statistics show over the past three years, referrals to children's social care have risen steadily, a growth of 12.43 per cent from 2008/09 to 2010/11. The reasons why demand is increasing needs to be examined – and, if possible, the causes addressed – in order to stem the rising tide."</p> <p>Read the full article <a href="http://www.cipfa.org/policy-and-guidance/articles/childrens-social-care-the-case-for-early-intervention">http://www.cipfa.org/policy-and-guidance/articles/childrens-social-care-the-case-for-early-intervention</a></p>



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# Appendices

## Appendix 1 – Update on prior year recommendations

Priority rating for recommendations		
<p><b>1</b> <b>Priority one:</b> issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.</p>	<p><b>2</b> <b>Priority two:</b> issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p>	<p><b>3</b> <b>Priority three:</b> issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p>

No.	Risk	Issue and recommendation	Management response / responsible officer / due date	Update
1	<b>3</b>	<p><b>Physical access to server rooms</b></p> <p>It was noted in our prior year audit that there are a large number of staff with access to server rooms.</p> <p>We found that there are still 124 individuals with access to these centres, including 19 individuals with access to all data centres across the Authority.</p> <p>Inappropriate access to the server rooms can compromise the availability of the server which could impact the Authority's operations.</p> <p>We recommend that the list of personnel who has access to the server room should be reviewed and access restricted to those personnel who require access.</p>	<p>ICT are conducting a review of physical access to server rooms as part of the planned works to introduce new governance rules for the Data Centres. This will include restricting access to designated individuals. It will also include a log (potentially electronic via the card key system) of who has accessed the rooms and for what purpose.</p> <p>Responsible officer: Support Service Manager, ICT services.</p> <p>Due date: November 2013</p>	<p>We found that there remains a similar number of officers with access to server rooms.</p> <p>There is a bi-annual review of those with access to the various server rooms based on security card information which details the last time that an individual used their card to access one of the data centres. We obtained a breakdown of the information that was used in the last review and verified that the individuals who had not accessed in over 6 months had been queried.</p> <p>An additional control of who gets a security card and to where they get access is the main control used for ensuring that there is no inappropriate access to the server room.</p>

## Appendix 1 – Update on prior year recommendations (cont.)

No.	Risk	Issue and recommendation	Management response / responsible officer / due date	Update
2	3	<p><b>Asset register programme change authorisation</b></p> <p>Although programme changes are tested before implementation, there is no process in place to authorise the changes.</p> <p>Consequently, there is a risk that unauthorised and/or erroneous changes may be made to the system.</p> <p>We recommend that the Authority implements a formal process for approving programme changes.</p>	<p>The Council will introduce a recording system to confirm when changes to the database have been agreed, and by whom.</p> <p>Responsible officer: Principal Accountant, Corporate Financial Management.</p> <p>Due date: September 2013</p>	<p>The Council has now introduced a system of recording all system changes to the asset register.</p>



## Appendix 1 – Update on prior year recommendations (cont.)

No.	Risk	Issue and recommendation	Management response / responsible officer / due date	
3	3	<p><b>FMS Starters Process</b></p> <p>As part of our prior year audit, we identified a weakness in the control for authorising new starters. We found that appropriate evidence was not retained for new starters who were granted access to FMS.</p> <p>Our current year testing identified four new users where no evidence of authorisation had been retained. This increases the risk of unauthorised access to the system which could impact on the integrity of financial data.</p> <p>We performed additional testing on the access rights of users who had not been authorised appropriately. No issues were identified through this testing.</p> <p>We recommend that a standardised process is implemented to ensure there is appropriate evidence for the authorisation of FMS starters.</p>	<p>The role of system controllers is now being centralised in order to ensure full compliance with authorisation controls. It should however be noted that the four cases identified relate to officers given low level access rights and therefore represented little risk to the integrity of the integrity of financial data.</p> <p>Responsible officer: Principal Accountant, Corporate Financial Management.</p> <p>Due date: November 2013</p>	<p>At the time of writing this report, we have not received evidence for all starters in our sample. We will therefore provide an update in our ISA260 report.</p>

## Appendix 2 – 2013/14 Audit deliverables

Deliverable	Purpose	Timing	Status
<b>Planning</b>			
External audit plan	Outline our audit strategy and planned approach Identify areas of audit focus and planned procedures	January 2014	Complete
<b>Interim</b>			
Interim report	Details and resolution of control and process issues. Identify improvements required prior to the issue of the draft financial statements and the year-end audit. Initial VFM assessment on the Council's arrangements for securing value for money in the use of its resources.	June 2014	Complete
<b>Substantive procedures</b>			
Report to those charged with governance (ISA+260 report)	Details the resolution of key audit issues. Communication of adjusted and unadjusted audit differences. Performance improvement recommendations identified during our audit. Commentary on the Council's value for money arrangements.	September 2014	TBC
<b>Completion</b>			
Auditor's report	Providing an opinion on your accounts (including the Annual Governance Statement). Concluding on the arrangements in place for securing economy, efficiency and effectiveness in your use of resources (the VFM conclusion).	September 2014	TBC
WGA	Concluding on the Whole of Government Accounts consolidation pack in accordance with guidance issued by the National Audit Office.	September 2014	TBC
Annual audit letter	Summarise the outcomes and the key issues arising from our audit work for the year.	November 2014	TBC
<b>Certification of claims and returns</b>			
Certification of claims and returns report	Summarise the outcomes of certification work on your claims and returns for Government departments.	December 2014	TBC



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**Report of the Deputy Chief Executive**

**Report to Corporate Governance and Audit Committee**

**Date: 11<sup>th</sup> July 2014**

**Subject: Consultation on Auditor Appointment from 2015/16**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**1 Purpose of this report**

1.1 To consult Members on the Audit Commission’s proposal to re-appoint KPMG LLP for a further two years from 2015/16.

**2 Background information**

2.1 The Audit Commission announced in 2013 that it would retender the audit contracts awarded to audit firms in 2006 and 2007. The procurement was completed in April 2014 and the Commission is now making auditor appointments under the new contracts.

2.2 Under the provisions of the Local Audit and Accountability Act 2014, the Commission will close at the end of March 2015. A transitional body will be established from 1 April 2015 to oversee the Commission’s audit contracts and will have responsibility for the existing statutory functions relating to auditor appointments. The transitional body will manage the contracts until their expiry in 2017 (or 2020 if the Department for Communities and Local Government opts to extend some or all of the contracts). This is the point at which the Council will be required to have their own auditors in place or to have agreed to participate in any collective procurement arrangement.

2.3 The terms of reference of for Corporate Governance and Audit Committee include, ‘to consider the Council’s arrangements relating to external audit requirements’.

### **3 Main issues**

- 3.1 The Audit Commission's letter attached sets out the basis of the proposed appointment. Elsewhere on this agenda is a letter from KPMG LLP setting out the audit fee for 2014/15. As the fees are still set by the Audit Commission, factors that members may wish to take into account could include the quality of work provided by KPMG, the good practice principle of auditor rotation and the timescale for the provisions of the Local Audit and Accountability Act 2014 that includes the requirement for the Council to appoint its own external auditors, subject to the provisions contained in the Act.
- 3.2 Based on the principle that the Council would have to provide clear reasons why we would not support the re-appointment of KPMG LLP, on balance, officers are minded to recommend that we continue with KPMG LLP as the appointed auditors. Factors to take into account are the quality of work produced by KPMG LLP, their period of tenure and the impending requirement to appoint our own auditors.

### **4 Corporate Considerations**

#### **4.1 Consultation and Engagement**

- 4.1.1 This is a factual report based on information provided by the Audit Commission and consequently no public, Ward Member or engagement has been sought.

#### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 This is a factual report based on information provided by the Audit Commission and has no direct implications for equality, diversity, cohesion and integration.

#### **4.3 Council Policies and City Priorities**

- 4.3.1 Under the Committee's terms of reference, members are required to consider the Council's arrangements relating to external audit requirements.

#### **4.4 Resources and Value for Money**

- 4.4.1 Members should note that there has been no increase in the annual audit fee and the fee for certifying grants and returns has reduced.

#### **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 As this is a factual report based on information provided by the Audit Commission none of the information enclosed is deemed to be sensitive or requesting decisions going forward and therefore raises no issues for access to information or call in.

#### **4.6 Risk Management**

- 4.6.1 The risks associated with this report relate to the advantages and disadvantages of either continuing with KPMG LLP as external auditors until 2016/17 or the Audit Commission appointing another firm for a period of two years until such time as the Council can appoint the external auditors in accordance with the provisions contained in the Local Audit and Accountability Act 2014.

## **5 Conclusions**

- 5.1 The Audit Commission has a statutory duty to consult Councils on the auditor appointment. Members are requested to provide comments to inform any response to the Audit Commission.

## **6 Recommendations**

- 6.1 Members are asked to comment on the proposed re-appointment of KPMG LLP for a further two years.

## **7 Background documents**

- 7.1 None.

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23 June 2014

Mr Tom Riordan  
Chief Executive  
Leeds City Council  
Civic Hall  
Calverley Street  
Leeds  
West Yorkshire  
LS1 1UR

**Direct line**

0303 444 8273

**Email**

auditor-  
appointments@audit-  
commission.gsi.gov.uk

Dear Mr Riordan

## **Leeds City Council - consultation on auditor appointment from 2015/16**

I am writing to consult you on the re-appointment of KPMG LLP to audit the accounts of Leeds City Council from 2015/16 for two years. The appointment will start on 1 April 2015.

### **Background to the proposed appointment**

The Audit Commission announced in 2013 that it would retender the audit contracts awarded to audit firms in 2006 and 2007, representing approximately 30 per cent of the local public audit market. The procurement was completed in April 2014 and the Commission is now making auditor appointments under the new contracts. The contracts are in addition to those let in 2012 covering the remaining 70 per cent of the local public bodies to which the Commission appoints the auditor.

Under the provisions of the Local Audit and Accountability Act 2014, the Commission will close at the end of March 2015. A transitional body will be established from 1 April 2015 to oversee the Commission's audit contracts and will have responsibility for the existing statutory functions relating to auditor appointments.

The transitional body will manage the contracts until their expiry in 2017 (or 2020 if the Department for Communities and Local Government opts to extend some or all of the contracts). This is the point at which local public bodies will be required to have their own auditors in place or to have agreed to participate in any collective procurement arrangements that are established.

### **The consultation process**

The Audit Commission has a statutory duty to appoint external auditors to local public bodies under Section 3 of the Audit Commission Act 1998. This duty requires the Commission to consult local government bodies on the auditor appointment. We also consult NHS bodies.

Audit Commission, 3rd Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF  
T 0303 444 8300 [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

The consultation on the proposed auditor appointment will close on 25 July 2014.

### **Process for objecting to the proposed auditor appointment**

If you wish to make representations to the Commission about the proposed auditor appointment please send them by email to [auditor-appointments@audit-commission.gsi.gov.uk](mailto:auditor-appointments@audit-commission.gsi.gov.uk) by **Friday 25 July 2014**. Your email should set out the reasons why you think the proposed appointment should not be made.

We will consider carefully all representations and will respond by **Monday 15 September**. If your representations are accepted, we will consult you on an alternative appointment. If your representations are not accepted, they will also be considered by a subcommittee of the Commission Board (the Board's Appointments Panel).

The Commission Board will consider all proposed appointments at its meeting scheduled for 4 December. We aim to write to all bodies to confirm the Commission's decision on the appointment of the auditor by 31 December 2014.

If you have any questions about the proposed auditor appointment or the consultation process please email us at [auditor-appointments@audit-commission.gsi.gov.uk](mailto:auditor-appointments@audit-commission.gsi.gov.uk) or call on 0303 444 8273.

Yours sincerely



Jon Hayes  
Associate Controller of Audit (Compliance)

cc Mr Gay, Director of Corporate Services, Leeds City Council



Report author: Chris Blythe  
Tel: x74287

**Report of the Deputy Chief Executive**

**Report to Corporate Governance and Audit Committee**

**Date: 11<sup>th</sup> July 2014**

**Subject: The Statement of Accounts 2013/14**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**Summary of main issues**

- 1      The Responsible Financial Officer has reviewed the 2013/14 accounts and certified that they are a true and fair view of the Council's financial position.
- 2      The accounts have been drawn up based on proper accounting practice as required by the Accounts and Audit Regulations 2011.
- 3      Subject to Committee agreement the accounts will be available for public inspection for twenty working days commencing 14<sup>th</sup> July 2014.
- 4      Despite the continuing financial pressures impacting on local government, the Council continues to manage its financial affairs in an effective manner.

**Recommendations**

- 5      Members are asked to:
  - Note the 2013/14 unaudited Statement of Accounts as certified by the Responsible Financial Officer.
  - Agree to release the accounts for public inspection.

**1 Purpose of this report**

- 1.1      The purpose of this report is to present to the Committee the 2013/14 Statement of Accounts prior to them being made available for public inspection. The Statement of Accounts is included with the agenda as a separate document for Committee members and is published on the Council's internet site.

## **2 Background information**

- 2.1 Whilst it is no longer a legal requirement for members to formally approve these unaudited accounts before the 30<sup>th</sup> June, members of this committee requested that that they receive the accounts prior to them being made available for public inspection.

## **3 Main issues**

### **3.1 Main Financial Issues**

- 3.1.1 The following is a summary of the main financial issues raised by the 2013/14 unaudited accounts:

- The final outturn position for the year was a £2.9 surplus. This surplus was mainly generated by the receipt of the small business rate relief compensation grant which was not announced at the time of the budget, along with a small underspend on service expenditure.
- The Council's net worth has increased by £418m and as at the 31<sup>st</sup> March 2014 stands at £480m. The main reason for this improvement was the decrease in the net pensions deficit of £370m.
- The Housing Revenue Account made a surplus of £12.1m. Mainly reflecting the transfer of ALMO reserves of £9.3m.

A full analysis of these and other financial issues are included in the Foreword of the Director of Resources which can be found at the front of the accounts.

### **3.2 Responsibilities and Timeframes for Approving the Statement of Accounts**

- 3.2.1 The Accounts and Audit Regulations 2011 determine the roles and responsibilities for approving local government accounts. Under these regulations it is the responsibility of the Responsible Financial Officer to certify that the accounts are a true and fair view of the Council's financial position before the 30<sup>th</sup> June. The accounts must then be available for public inspection for twenty working days before this Committee is charged with approving and publishing the final audited accounts before the 30<sup>th</sup> September.

- 3.2.2 To enable members to discharge their responsibilities for approving the accounts the following assurances can, or will, be given within the approval process:

- On the 27<sup>th</sup> June the Responsible Financial Officer reviewed the 2013/14 accounts and certified that they are a true and fair view of the Council's financial position.
- The accounts have been drawn up based on proper accounting practice as required by the Accounts and Audit Regulations 2011.
- KPMG's interim audit found no significant issues that would require additional audit work in order to give an unqualified audit opinion. The audit also confirmed that the process for producing the financial statements was adequate.
- KPMG will undertake a detailed audit of the accounts in July and August to ascertain that, in their view, the accounts show a true and fair of the Council's financial position. Auditors will report any significant issues back to this Committee in September.

- Stakeholders have twenty working days while the accounts are on deposit to look through the accounts and supporting documentation and raise any questions with the auditors or to object to the accounts. If considered significant the auditors would pursue the complaint or questions and determine if the accounts need amendment. Any significant issues raised in this way would be reported back to this Committee in September. For 2013/14, subject to Committee approval, public inspection will commence on the 14<sup>th</sup> July.
- Members have the opportunity to question officers on any aspect of the accounts at this Committee or in the September Committee prior to approving the accounts.

### **3.3 Accounting Issues Impacting on the Financial statements**

- 3.3.1 For 2013/14 there are no significant changes to accounting practice which members need to be made aware of.

### **3.4 External Audit Issues**

- 3.4.1 In September 2013, KPMG reported back to this Committee its main audit findings in respect of the 2012/13 accounts and any recommendations or risks for the following year's accounts. There were no such risks identified for the 2013/14 accounts.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 This is a factual report from the Director of Resources on the Council's 2013/14 financial accounts and consequently no public, Ward member or councillor consultation or engagement has been sought.

### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 There are no issues regarding equality, diversity, cohesion and integration.

### **4.3 Council policies and City Priorities**

- 4.3.1 The Statement of Accounts is an audited publication which provides all stakeholders with the confidence that public money has been properly accounted for and that the financial standing of the Council is on a secure basis.
- 4.3.2 As required by the Accounts and Audit Regulations 2011, the accounts are to be made available for public inspection for twenty working days. Local electors and taxpayers have the right to look through the accounts and supporting documentation as well as the right to object to the accounts and question the auditors.

### **4.4 Resources and value for money**

- 4.4.1 This is a factual report of the Director of Resources on the financial accounts of the Council for 2013/14. There are no additional financial or value for money implications.

#### **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 The accounts are required to be certified as a true and fair view of the Council's financial position by the Responsible Financial Officer before the end of June. This report does not require a key decision and is therefore not subject to call in.

#### **4.6 Risk Management**

- 4.6.1 The Council's external auditors provide a risk assessment on the accounts process as part of their interim audit as reported to this Committee. For 2013/14 the external auditors have not identified any significant risks which would require them to undertake any additional audit work on the financial statements.

#### **5 Conclusions**

- 5.1 Despite the continuing financial pressures impacting on local government, the Council continues to manage its financial affairs in an effective manner and has maintained the level of general reserves at a prudent level. In addition there has been a significant improvement in the Council's net worth, mainly reflecting the fall in the pensions deficit recognised in the accounts. Overall the Council continues to balance its finances and has a proven process for managing future budget pressures.
- 5.2 The Responsible Financial officer has certified that the accounts are a true and fair view of the council's financial position.

#### **6 Recommendations**

- 6.1 Members are asked to:
- Note the 2013/14 unaudited Statement of Accounts as certified by the Responsible Financial Officer.
  - Agree to release the accounts for public inspection.

#### **7 Background documents<sup>1</sup>**

- 7.1 None

---

<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

## Report of the Deputy Chief Executive

## Report to the Corporate Governance & Audit Committee

**Date:** 11<sup>th</sup> July 2014

## **Subject: Annual Assurance Report on Risk & Performance Management**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### Summary of main issues

1. This annual report provides Corporate Governance and Audit Committee with assurances on the strength of the Council's risk and performance management arrangements and is an important source of evidence for the Annual Governance Statement due to be considered by the Committee in September.
2. The risk and performance management arrangements have been further developed, improved and updated during 2013/14, in particular through more streamlined reporting to Corporate Leadership Team (CLT) and the further roll out of the risk management software. Although arrangements are currently in a transitional period following the Enabling Corporate Centre (ECC) review (a review into a range of Support Services), compliance with the risk management policy and performance management arrangements is good. Further work is planned in 2014/15 to continue to develop and improve the supporting framework.
3. While we can never be complacent, and some risks lie outside our control, this report provides the Committee with a good level of assurance on the strength of the risk and performance management arrangements currently in place across the authority.

### Recommendations

4. Corporate Governance & Audit Committee is asked to receive the annual report on the Council's risk and performance management arrangements and note the assurances given.

## **1 Purpose of this report**

- 1.1 This annual report provides Corporate Governance and Audit Committee with assurances on the strength of the Council's risk and performance management arrangements and is an important source of evidence for the Annual Governance Statement due to be considered by the Committee in September. It also enables the Committee to fulfil its role under the Council's Risk Management Policy and the Committee's own Terms of Reference for reviewing the 'adequacy of the Council's Corporate Governance arrangements (including matters such as internal control and risk management)'.

## **2 Background information**

- 2.1 The 'main issues' section of the report provides assurances on the Council's Risk Management Policy and Performance Management arrangements. The section discusses the key changes around our risk and performance arrangements in the last year and outlines future plans to improve them, in particular via the ongoing Intelligent Council review.

## **3 Main issues**

- 3.1 The strength of our risk and performance management arrangements stems from the authority's Risk Management Policy and Performance Management framework.
- 3.2 The Risk Management Policy was last fully revised in 2011 following extensive benchmarking and reviews against British and International Standards on Risk Management and other good practice guides. It was endorsed by the Corporate Risk Management Group, this Committee, the Chief Executive and the Council Leaders. Minor amendments were made to it in November 2012 when the Corporate Risk Management Group widened its role and membership to become the Risk & Performance Board. The Policy forms part of the 'Policies & Procedures' section of the Council's Intranet site and so is accessible to all staff with Internet access, while the Corporate Risk & Performance Team references it in its risk training sessions and workshops. As the Council's risk management arrangements are currently in a transitional period (see below), the Policy will require an update later in 2014/15 to reflect any significant changes. Following this update, the Corporate Risk & Performance Team will work with a range of stakeholders to ensure that it is fit for purpose, properly communicated, routinely complied with and monitored. We shall provide feedback on progress to this Committee next year through our annual report.
- 3.3 For 2013/14 revised streamlined corporate performance management arrangements were developed and implemented based around the reporting of progress against the Best Council Plan 2013/17. These arrangements replaced those outlined in the previous Performance Management Framework. The following table gives a good level of assurance with respect to ensuring the arrangements are adequate, complied with and up to date.



<b>Performance Management</b>	
<b>Name</b>	Performance management arrangements
<b>Is it up to date?</b>	Yes: the performance management arrangements were substantially overhauled in 2013 to take account of the new Best Council Plan 2013/17 approved in July 2013.
<b>Is it fit for purpose?</b>	Yes: the framework builds on good practice such as the Audit Commission's <i>Use of Resources</i> inspection criteria that were previously used to judge the council's performance arrangements.
<b>How is it communicated?</b>	All key stakeholders were consulted with prior to the major revision of the corporate arrangements. The arrangements, along with guides to support performance management at a service level, are accessible to all staff with Intranet access as part of the performance management toolkit on the Council's Insite Intranet site.
<b>Is it routinely complied with?</b>	Yes: members of the Risk & Performance Board are responsible for ensuring compliance with the arrangements within their directorates. For 2013/14, members of the Board have confirmed they are satisfied with the level of compliance of their directorate arrangements. Directorates continually review and amend their performance management arrangements to take account of service changes, and this will continue in 2014/15.
<b>How is it monitored?</b>	The arrangements are regularly reviewed by the corporate risk and performance team and in response to changes in legislation, Council policy and performance management standards. Any such changes will continue to be consulted upon.

### **Risk & Performance Teams**

- 3.4 Following the Enabling Corporate Centre review in 2013/14, the Risk Management Unit and Corporate Performance team were re-organised to become part of the newly created Policy & Intelligence Section within the Strategy and Resources directorate. This re-organisation helped further integrate risk and performance arrangements and reporting as well as facilitating the support and advice available to directorates. The change forms part of a wider Intelligent Council review.
- 3.5 In November 2013, CLT endorsed proposals for a new cross-council intelligence function, which would incorporate research, intelligence and performance management. The drivers for this consolidated approach are a stronger service and improved efficiency and accountability. The Head of Policy and Intelligence is leading a new team drawn from across the council to work with directorates and services in designing the new service, complete a practically-based scoping exercise and make further line-management & budgetary changes.
- 3.6 The Corporate Risk and Performance team continues to support the Risk & Performance Board which meets to review the risk and performance information submitted by directorates as well as from other internal and external sources. The Risk & Performance Board reviews and challenges this combined information and considers the key issues to report to CLT and Executive Board. The data is used to help inform the Chief Executive's appraisals of his directors and his own appraisal with the Council Leader. Scrutiny Boards review the performance information each quarter.
- 3.7 In recent months, we have made a number of changes to the risk and performance reporting for CLT:
- A new monthly report allows directors to highlight risk and performance items by exception for discussion at CLT based around the Best Council Plan 2013-17 objectives. This summarised report has helped bring greater focus to the Best Council Plan priorities and facilitated cross-directorate discussion

and action where required. Actions agreed are followed up in subsequent reports. Feedback from CLT members to this more streamlined reporting has thus far been very positive.

Detailed risk and performance data will continue to be submitted to CLT three times a year with an annual report in the summer. These reports include updates on the Council's programmes and major projects through the corporate risk register.

The Annual Assurance Report to Corporate Governance & Audit Committee and the Annual Risk Management Report to Executive Board will continue to be produced in May and June. However, this year, we are in the process of updating the corporate risk register to fully align it with the revised Best Council Plan and so CLT has agreed that the next risk report to Executive Board will be produced in 2015. In the interim period, this Committee can be assured that reports on the most significant risks (for example, Safeguarding, the budget, Health & Safety, school places, the Care Act) continue to be presented to appropriate boards for consideration, such as the Executive Board, Full Council, Children's Trust Board, Joint Health & Wellbeing Board and CLT, among others.

### ***Risk Management***

- 3.8 A range of risk registers continue to be managed across the Council at directorate, service, programme and project levels. As in previous years, specific assurances are given to this committee and other member groups on financial risk management and on various projects upon request. Key risks are reported upwards and considered in line with the relevant governance arrangements e.g. budget risks to the Financial Performance Group and then to CLT and the Executive Board; project risks to project boards; directorate risks to directorate management teams.
- 3.9 The process remains for escalating the most significant risks from directorate and service level registers to the Risk & Performance Board and ultimately up to CLT.
- 3.10 The corporate risk register houses the most significant risks to the Council including the six 'standing' corporate risks<sup>1</sup> that will always remain on the register and a 'RAG' rating of programmes and major projects. As noted above, we are currently in the process of updating the corporate risk register to ensure it is fully aligned with the revised Best Council Plan.
- 3.11 Following their transfer to Leeds City Council on 1<sup>st</sup> April 2014, staff from the Office of the Director of Public Health worked closely with colleagues from the Corporate Risk & Performance Team to ensure that their arrangements were fully aligned with the Council's Risk Management Framework. Public Health risks and projects are now included in the quarterly submissions to the Risk & Performance Board.
- 3.12 The risk management software (4Risk) has been further developed and rolled out during 2013/14. The majority of corporate and directorate risks have been migrated to the software along with all the directorate budget risks reported to the Financial Performance Group. The implementation of the software will help streamline future risk updates and reporting.

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<sup>1</sup> Safeguarding children; Safeguarding adults; City resilience (emergency planning); Council resilience (business continuity planning); Financial Management and Health & Safety.

- 3.13 During 2013/14, a survey of project managers was conducted as part of the cross-council review of Programme and Project Management (PPM). The survey gauged opinion on the usage and value of the templates (including the risk log) used within the PPM process. When compared to the other templates, the risk log achieved the highest results in the survey and also had the greatest number of respondents, indicating its ongoing value within the Council. Although the survey results were favourable, they still indicate opportunity for further improvement and ongoing work with the Public Private Partnerships Unit (PPPU) to roll out the 4Risk software will aim to achieve this.
- 3.14 These processes and future plans should provide the Committee with a good source of assurance on the rigour of the Council's risk management arrangements during this transitional period.

### ***Performance Management***

- 3.15 The corporate performance management arrangements focus on the Best Council Plan and ensure that a high-level update on this is provided to key officers and members, including Executive Board and Scrutiny Boards. These provide a comprehensive but succinct update to enable further discussion, investigation, reports and action to explore any performance issues and to drive improvement. More detailed performance monitoring is carried out at directorate level.
- 3.16 During 2013/14, the corporate risk and performance team led the review and update of the Best Council Plan 2013-17: a streamlined, outcomes-based strategic plan closely aligned with the medium-term financial plan. Executive Board approved the updated plan on the 25<sup>th</sup> June. It sets out the authority's six strategic objectives and priorities for the next three years with specific action and performance indicators for 2014/15.

### ***Future Improvements***

- 3.17 At the time of writing, the Intelligent Council service is scheduled to become operational from autumn 2014. This new approach aims to further strengthen our approach to risk and performance management by greater co-ordination, improved inter-policy analysis, and consistent messages and analysis.
- 3.18 The corporate risk and performance team will be working with colleagues to deliver the following during 2014/15:

The Risk Management Policy will be updated to reflect any changes required, notably as a result of the Intelligent Council review.

As noted above, further work is planned to refresh the corporate risk register and align it to the updated Best Council Plan, after which it will form part of the information we draw on to report progress and key issues against the Plan objectives. This will involve engagement with CLT members and other staff to carry out this quick, cross-cutting refresh using existing risk information as a starting point. We will also update all directorate risk registers to ensure the same alignment with the updated Best Council Plan.

Once the corporate risk register has been updated, the risks will be reported to, and discussed with Executive members and this Committee.

Later in 2014/15, we will also aim to include those procurements and other activities, events and changes that could have a significant impact on the BCP objectives with the intention of moving closer to providing a single set of reports and data of use to

a range of audiences. These will remain internal documents and will be used in particular to inform reports to the Best Council Delivery Team.

We shall complete the roll-out of the risk management software to remaining directorates and services, in particular to City Development and Adult Social Care. This will also involve working with colleagues in the PPPU to establish the suitability of the software for use in administering programme and project risks.

The Corporate Risk & Performance Team will continue to provide risk workshops for specific projects and business change proposals. The scope of these workshops includes risk identification, analysis and evaluation, and agreement of mitigating actions for the risks. At the time of writing, the team is scheduled to deliver risk workshops for the Changing the Workplace programme and the Better Business Management Administration project.

A 'basket of measures' is being developed which will monitor progress against the 6 objectives and priorities laid out in the Best Council Plan 2013/17. Progress against these will be reported to CLT and other key stakeholders on a regular basis.

The Best Council Plan will be refreshed in time for the next financial year taking into account financial planning discussions, and the Joint Strategic Needs Assessment (JSNA) process. The review will be informed by Outcome-Based Accountability methodology.

A review of the organisation's approach to service planning will be carried out alongside the Intelligent Council review and Best Council Plan refresh.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

4.1.1 We have engaged with Risk & Performance Board colleagues on the contents of this report.

### **4.2 Equality and Diversity / Cohesion and Integration**

4.2.1 This is an assurance report and not a decision so due regard is not directly relevant.

### **4.3 Council policies and City Priorities**

4.3.1 Under Principle 4 of the Council's Code of Corporate Governance, the authority should take, 'informed and transparent decisions which are subject to effective scrutiny and risk management'. The risk management framework, in support of the Risk Management Policy we have in place in the authority, supports this.

4.3.2 Using a structured and consistent risk management approach to focus discussion, prioritise resources and enable justifiable risk-taking will help the successful delivery of the Council and City priorities. The performance arrangements described in this report ensure that progress is monitored in their delivery.

### **4.4 Resources and value for money**

4.4.1 These arrangements are resourced through existing teams across the council and therefore have no specific resource implications.

### **4.5 Legal Implications, Access to Information and Call In**

4.5.1 Without robust risk management arrangements, the Council could be in breach of the Accounts and Audit Regulations 2011 which require us to have '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.' (Section 4.1)

4.5.2 There is no specific statutory duty to have performance management arrangements but, alongside risk management, it is a core principle of good governance and as such assurance is required on them in order for this Committee to approve the authority's Annual Governance Statement. Performance information is published on the Council's website.

4.5.3 This is an assurance report and not a decision so is not subject to call in.

#### **4.6 Risk Management**

4.6.1 Without effective risk and performance management arrangements, there is a danger that the most significant risks and issues that could impact upon the Council and Leeds are not properly identified and managed.

### **5 Conclusions**

5.1 The council's risk and performance management arrangements have been further developed, improved and updated during 2013/14. Compliance with the performance management framework is good with further work planned in 2014/15 to update the Risk Management Policy and supporting arrangements.

5.2 While we can never be complacent, and some risks lie outside our control, this report provides the Committee with a good level of assurance on the strength of the risk and performance management arrangements currently in place across the authority.

### **6 Recommendations**

6.1 Corporate Governance & Audit Committee is asked to receive the annual report on the Council's risk and performance management arrangements and note the assurances given.

### **7 Background documents<sup>2</sup>**

7.1 None

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<sup>2</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

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**Joint Report of City Solicitor, Assistant Chief Executive (Citizens and Communities) and Chief Planning Officer and**

**Report to Corporate Governance and Audit Committee**

**Date: 11<sup>th</sup> July 2014**

**Subject: Decision Making Framework: Annual Assurance Report**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

1. This is the annual report to the committee concerning the Council’s decision making arrangements and provides assurances which will feature in the Annual Governance Statement (to be considered by Committee in September 2014).
2. From the review, assessment and ongoing monitoring carried out, the Head of Governance Services, Head of Property, Finance and Technology, Head of Licensing and Registration and Chief Planning Officer have reached the opinion that, overall, decision making systems are operating soundly and that arrangements are up to date, fit for purpose, effectively communicated and routinely complied with.

**Recommendations**

3. Members are requested to consider and note the positive assurances provided in this report in relation to executive decision making, licensing, planning and the regulation of investigatory powers. Particularly:
  - 3.1. In relation to executive decision making:-
    - The monitoring which has taken place in relation to publication of agendas and minutes of committee meetings and the publication and call in of Key Decisions;
    - the assurances given in relation to the use of special urgency provisions, and that there have been no Key Decisions which have not been treated as such; and

- the steps taken to continue to embed the decision making framework

3.2. In relation to Regulation of Investigatory Powers Act 2000 (RIPA):- the monitoring and reduction in use of RIPA powers.

3.3. In relation to licensing:-

- The monitoring of decisions in relation to entertainment and miscellaneous licensing and the introduction of responsibility under the Scrap Metal Dealers Act 2013;
- The monitoring of taxi and private hire licensing;
- The ongoing review of licensing policy; and
- The introduction of three yearly DBS disclosures for licence holders.

3.4. In relation to planning:-

- The sub-delegation of planning decisions;
- The assurance from internal audit in relation to the robustness of system in place to determine planning applications;
- The ongoing work in relation to declaration of officer interests;
- The review of the work of plans panels and the protocol in place to guide their Members;
- Monitoring of planning workloads and performance in relation to statutory timescales including the use of agreed extensions of time;
- Monitoring of decisions against officer recommendation, appeals and complaints;
- steps taken to continue to embed the framework for planning matters; and
- ongoing work to build and develop relationships with partners and customers



## **1 Purpose of this report**

- 1.1 This is the annual report to the committee concerning the Council's decision making arrangements.
- 1.2 This report provides one of the sources of assurance which the Committee is able to take into account when considering the approval of the Annual Governance Statement.
- 1.3 Members are asked to consider the results of monitoring documented within the body of this report and to note the assurances given by the Head of Governance Services, the Head of Licensing and Registration and the Chief Planning Officer, that the decision making framework in place within Leeds City Council is up to date, fit for purpose, effectively communicated and routinely complied with.

## **2 Background information**

- 2.1 The Council's decision making framework, which is detailed within the Council's Constitution, comprises of the systems and processes through which decision making is directed and controlled. Whilst a number of these systems and processes are put in place in direct response to primary and secondary legislation, others reflect the implementation of locally adopted definitions and choices made to ensure maximum transparency and accountability within Council practice and procedure.
- 2.2 The committee has received previous assurance reports in respect of Executive decision making, planning and licensing matters. The most recent report to be received being the Decision Making Framework; Annual Assurance Report – 20<sup>th</sup> September 2013. This report seeks to update the committee in respect of each of these decision making areas.

## **3 Main issues**

### **3.0 EXECUTIVE DECISION MAKING**

- 3.1 The Head of Governance Services has responsibility to ensure that the Council's decision making arrangements are up to date, fit for purpose, effectively communicated, routinely complied with and monitored.

#### **Amendments to the Decision Making Framework**

- 3.2 As in any other municipal year it has been necessary to review and amend the Constitution in order to implement changing legislation and to ensure that it remains an accurate reflection of practice and procedure within the Council.
- 3.3 An annual review of the Constitution was carried out culminating in the Annual Council Meeting on 9<sup>th</sup> June 2014. Amendments made at this time centred on the community engagement agenda and the introduction of Community Committees in place of the old Area Committees.

- 3.4 Both changes made during the 2013/14 Municipal year and those resulting from the annual review of the Constitution have taken place in accordance with Article 15. Amendments made by the Monitoring Officer were recorded as Significant Operational Decisions and published on the Council's web site, amendments made by the Leader of Council or Executive Board were reported to the next available meeting of the Council, and decisions to be taken by Full Council were first considered by the General Purposes Committee in order that recommendations could be made.

### **Delegation of Functions**

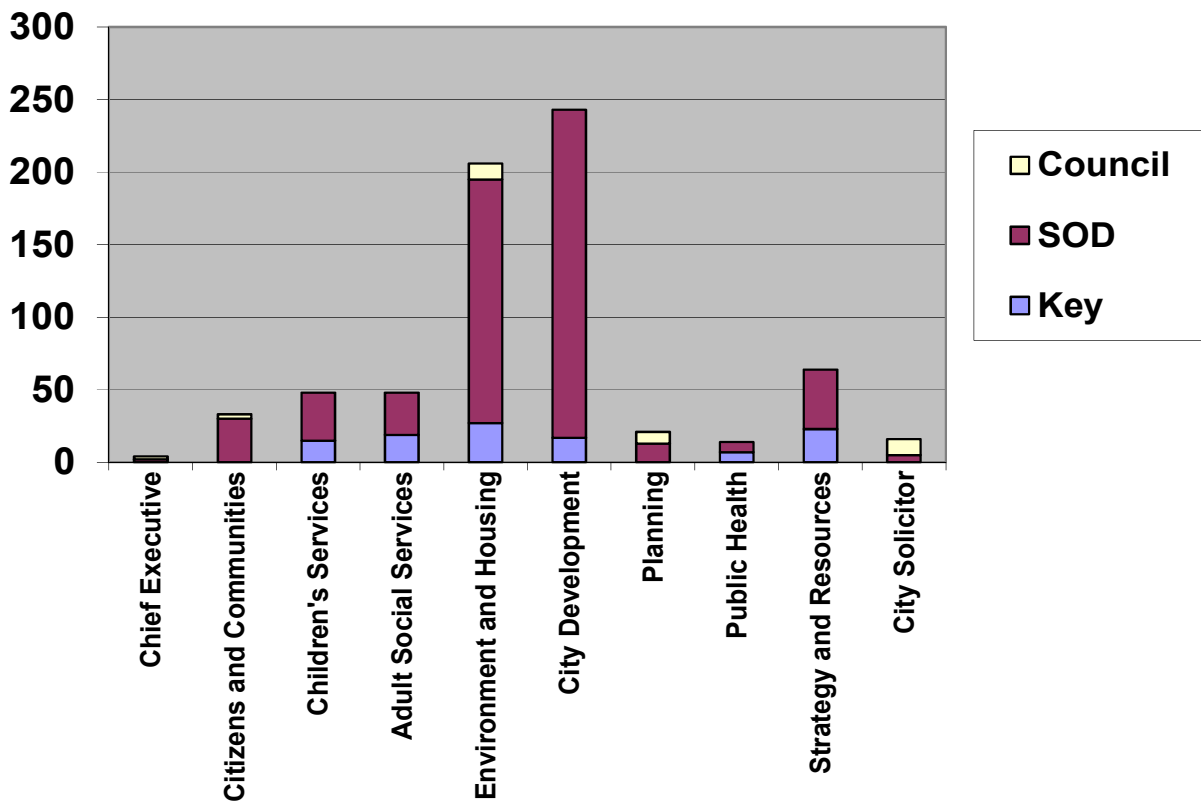
- 3.5 The Constitution documents the delegation of Council and Executive functions to Officers. Each of the Council and Executive delegation schemes are set out in two parts; the first part documenting general delegations shared by all Directors<sup>1</sup> and the second documenting those delegations which are specific to each Director. As part of the annual review the general executive delegations have been greatly reduced and simplified, reflecting the fact that each Director is authorised through their specific delegations to take such financial and procurement decisions as are necessary in relation to those functions.
- 3.6 Functions delegated to Directors through the Constitution are further sub-delegated to other officers of the Council. These arrangements provide for transparency in terms of officer accountabilities, setting out arrangements for decision taking by individual officers in each directorate. The Head of Governance Services is able to confirm that each Director maintained and reviewed their own sub delegation scheme as necessary and appropriate in the 13/14 Municipal Year.
- 3.7 Each Director is required to make a new sub delegation scheme following the Annual Meeting on 9<sup>th</sup> June 2014. The Head of Governance Services can confirm that all ten Directors have made a scheme. Each scheme is published on the Council's web site as part of the Modern Gov 'library'.
- 3.8 Any amendments to a Director's scheme, necessary to ensure that the scheme contains an accurate representation of the way in which functions are carried out and the officers with authority to make decisions under the scheme, will be publicised as Significant Operational Decisions ensuring transparency of decision making in relation to both Council and Executive functions.
- 3.9 Directors continue to be responsible for publishing items to the List of Forthcoming Key Decisions where appropriate in addition to publishing reports and delegated decision notifications in relation to Key and Significant Operational Decisions (SOD).
- 3.10 The chart below shows the distribution of Key, Significant Operational and published Council decisions taken by officers in accordance with the relevant delegation schemes between 1<sup>st</sup> September 2013 and 31<sup>st</sup> May 2014.

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<sup>1</sup> Functions are delegated to the Chief Executive, Deputy Chief Executive, City Solicitor, Assistant Chief Executive (Citizens and Communities), Director Public Health, Director Adult Social Services, Director Children's Services, Director Environment and Housing, Director City Development and Chief Planning Officer who are collectively known as Directors for these purposes.

3.11 It will be noted that of the 697 decisions recorded by officers in that period:-

- 15% (108 decisions) were Key, 79% (554 decisions) Significant Operational and 5% (35 decisions) Council decisions;
- 35% (243) of these decisions were taken by or on behalf of the Director of City Development, and 30% (206 decisions) were taken by or on behalf of the Director of Environment and Housing.



### Performance Monitoring

3.12 Both national legislation, and local practice and procedure place requirements on the governance of decision making. To provide a test of the extent to which the council's arrangements meet these requirements, a suite of performance indicators have been established. These are explored further below. In order to ensure continuity of reporting to the Committee these statistics cover the period from September 2013 to May 2014.

### Publication of Agendas

- 3.13 The Council is required to publish agendas and reports for committees five clear working days in advance of a meeting. This requirement is contained within Section 100B of the Local Government Act 1972 for Council Committees and in the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012 for Executive committees. Both pieces of legislation also contain exception provisions for meetings to be called at short notice.
- 3.14 The Head of Governance Service has established a target for 99% of agendas to be issued and published within the five day statutory deadline<sup>2</sup>; this being a reasonable measure of timely transparency and an indication of the extent to which exception provisions are utilised to call meetings at short notice.
- 3.15 Of 225 meetings which took place within the reporting period covered by this report, 9 agendas were not issued within the 5 clear day deadline. Two of these agendas were for meetings called at short notice. Five of the remaining seven agendas related to meetings of the licensing sub-committee which meets weekly. Clerks to the Licensing Sub-Committee seek to ensure that the agendas are published with all necessary documentation relating to the applications to be heard. On occasions agendas need to be issued with less than five days' notice to enable this to happen. Provision for this is contained within legislation.
- 3.16 The overall figures give a performance of 96% of agendas published within the required notice period, which shows a minor decline in performance on the previous 3 years as follows:-
- |      |     |
|------|-----|
| 2011 | 96% |
| 2012 | 97% |
| 2013 | 98% |
| 2014 | 96% |
- 3.17 However, if the figures are adjusted to remove the impact of the short notice meetings, and agendas issued outside the target period for licensing sub-committee 99% of agendas have been issued within the target period.

### Publication of Minutes

- 3.18 There is no statutory framework stipulating the time period for the publication of committee minutes. To enable the decisions of the Council to be accessible and transparent the Head of Governance Service has established a local target; this being for 100% of draft minutes to be published on the Council's internet site within ten working days.
- 3.19 Of 208 committee meetings which have taken place within the period covered by this report, 17 sets of draft minutes were published outside of this locally established target. This gives a performance indicator of 92% draft minutes published within the required period which shows a decline in performance over the previous 3 years as follows:-

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<sup>2</sup> Licensing Sub Committees are not bound by these statutory requirements but, for completeness, are included in the monitoring information.

2011	96%
2012	96%
2013	96%
2014	92%

3.20 However, if the figures are adjusted to allow for the workload in relation to licensing sub-committee 95% of minutes are published within the 10 day target period.

3.21 In addition, to enable speed of implementation and facilitate Call In, all Executive Board minutes are published within two working days of the Executive Board meeting. The Head of Governance Services is able to confirm that Executive Board minutes have been published within two working days for each meeting held between September 2013 and May 2014.

Key Decisions on the List of Forthcoming Key Decisions

3.22 As Members are aware, a significant element of the decision making framework concerns requirements surrounding the pre-notification of an intention to take a Key decision. These provisions seek to ensure transparency of decision making and allow representations from stakeholders etc.

3.23 Regulations require that a Key decision is included on the List of Forthcoming Key Decisions for no less than 28 clear calendar days prior to the decision being taken. The Head of Governance Services has set a local target of 89% of Key Decisions to be included on the List of Forthcoming Key Decisions, and monitors inclusion of Key Decisions on this list..

3.24 During the period covered by this report of 108 Key decisions taken by officers 3 were not on the List of Forthcoming Key Decisions as appropriate, and of 71 Key decisions taken by Executive Board 3 were not on the List. This gives a total performance indicator of 97% Key decisions on the List of Forthcoming Key Decisions.

3.25 This continues the trend of improvement on the 3 previous years which show performance indicators as follows:-

2011	84%
2012	93%
2013	95%
2014	97%

In view of this continued improvement in performance the Head of Governance Services is minded to revise this local target (which was aspirational at the time and context in which it was set) to 95%.

3.26 Each of the decisions not included on the List of Forthcoming Key Decisions was taken in accordance with the general exception provisions contained in Regulations and reflected in the Executive and Decision Making Procedure Rules.

### Special Urgency

- 3.27 In accordance with Rule 2.6.2 of the Executive and Decision Making Procedure Rules<sup>3</sup>, the Head of Governance Services, on behalf of the Leader, is able to confirm that the Special Urgency Provisions, enabling an Executive Decision to be taken at less than 5 days' notice, have not been used during this period.

### Eligible Decisions Open for Call In

- 3.28 The Council has established arrangements for significant Executive decisions<sup>4</sup> to be available for Call In. This allows for Overview and Scrutiny Committees to request that a decision, which has been taken, but not yet implemented, be considered by the relevant Scrutiny Committee. This mechanism is an important element of democratic accountability arrangements in place at Leeds and is monitored by the Head of Governance Services, with a target of 95% of all eligible decisions being available for Call In.
- 3.29 Of 262 eligible decisions taken 14 (2 decisions taken by officers and 12 taken by Executive Board) were not open for call in. This gives a performance of 95% Key decisions being available for Call In. This shows an apparent decline on the 3 previous year's performance as follows:-

2011	98%
2012	96%
2013	97%
2014	95%

- 3.30 The Head of Governance Services has reviewed the reasons given by decision takers for exempting decisions from call in and has noted that ten of the fourteen decisions exempted from Call In were so exempted to comply with an external timetable imposed on the council, for example in relation to statutory processes, or applications for grant funding.
- 3.31 The remaining four decisions<sup>5</sup> were exempted to respond to internal pressures in relation to timescale which were outlined in the report supporting the decision in each case. In some cases the Head of Governance Services has been of the opinion that improved planning could have prevented the need to exempt the decision from Call In.
- 3.32 In this ongoing review of decision making, the Head of Governance Services, has raised appropriate decisions with the relevant Director where it was considered that improved planning could have avoided the need for exemption. In addition

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<sup>3</sup> Regulation 19 Executive Arrangement Regulations 2012

<sup>4</sup> All decisions of Executive Board and all Key decisions of officers are eligible for Call In provided that they have not been the subject of a previous call in.

<sup>5</sup> September Executive Board - Item 68 – design and cost report for West Yorkshire Local Broadband Project and Authority to spend

December Executive Board – item 143 – Victoria Gate: progress and the next steps

March Executive Board – item 203 – Design and cost report for Holbeck Urban Village Land Assembly Proposals

May D41174 – Tendering of Insurance contracts

Corporate Leadership Team has been kept informed of trends arising in the Council's decision making.

- 3.33 Arrangements are in place within Directorates with large numbers of Key decisions to facilitate horizon scanning in relation to decision making and to ensure compliance with the relevant procedures.
- 3.34 To provide further context for Members in the period September 2013 to May 2014 two of the 262 eligible decisions were called in by the relevant Scrutiny Board; both were released for implementation.

#### Decisions Not Treated as Key

- 3.35 There have been no decisions taken during the reporting period that have been considered by a Scrutiny Board as Key Decisions which were not treated as Key.
- 3.36 Members will also receive assurance from the arrangements put in place by the Head of Governance Services and the Chief Officer (Financial Services) whereby no financial commitment can be processed on the financial management system without a corresponding Delegated Decision reference or Committee Minute being entered.

### **Embedding the Decision Making Framework**

#### Training

- 3.37 Throughout the reporting period the Head of Governance Services has continued to provide information through the Decision Making Toolkit available to officers on Insite, together with a suite of training in relation to the Decision Making Framework.
- 3.38 During the reporting period 49 officers have attended "Working in a Political Environment", 45 have attended "Report Writing for Achieving Outcomes" and 69 have attended "Council Structures and Decision Making". Feedback received on all three courses has been positive. When this training was first offered, the head of Governance Services worked with Directorate Support Officers to identify those officers with authority through the Director's sub-delegation schemes to take decisions, offering training to each of those officers. Since this time the Head of Governance Services has continued to work with Directorate Support Officers to publicise the training and to identify officers new to decision making roles within the authority with a need to attend. The appraisal process supports this directorate wide approach as it can be used to identify training need in individual cases. In addition the Head of Governance Services invites individual officers to attend as their need becomes apparent, either through attendance on other courses, or through requests for advice.
- 3.39 As a running theme within these learning opportunities the Head of Governance Services seeks to embed good decision making practice and procedure against the context of the political environment in which decisions are taken.
- 3.40 The training in relation to decision making also specifically concentrates upon the importance of meeting the requirements in relation to checks and controls on

decision making, and the need to plan decisions in good time to ensure that appropriate practice and procedure can be followed. The Head of Governance Services is of the view that the steady increase in inclusion of Key Decisions in the List of Forthcoming Key Decisions is a reflection of the impact of this training. In addition, although the number of decisions exempted from Call In has increased slightly, the Head of Governance Services notes that the reasons given for exemption from call in are, in the main, coherent and genuine although there is a clear need for ongoing work.

### Induction

- 3.41 The Head of Governance Services is represented in the 'Knowledge Café' section of the Corporate Induction Event to which all new Council employees are invited. The opportunity is taken to place each and every role into the context of the Council as a political organisation, with the attendant importance of decision making. Officers are signposted to further learning opportunities as appropriate.
- 3.42 As part of the induction programme provided for newly elected Members, the Head of Governance Services provided a session entitled 'How the Council Works – Structures and Decision Making' which provided Members with an outline of the decision making framework in place in Leeds, together with guidance in relation to the Members' Code of Conduct.

### **Regulation Of Investigatory Powers Act 2000**

- 3.43 Members previously agreed that authorisations for directed surveillance could only be granted by Directors. In practice, the only Services who have used surveillance as part of their investigations have been those involved in combatting anti-social behaviour or dealing with environmental health issues. However, the "default position" in these Services now is to undertake investigations overtly. Consequently only three authorisations have been granted over the last 3 years, each being granted by the Director of Environment & Housing. One of these was subject to the additional requirement that it should be approved by a JP and approval was appropriately given.
- 3.44 There has been no use of the powers to obtain communications data, over the past three years.
- 3.45 Given that the grounds for authorising surveillance have been limited, and approval by a JP is now also required in both cases, it is unlikely that the use of RIPA will increase.
- 3.46 In their last inspection of the Council's use of directed surveillance, the Office of Surveillance Commissioners (OSC) noted that having only 1 Authorising Officer left the Council exposed, and that the time a Director could devote to RIPA was limited. The Inspector therefore recommended that the Council appoint 2 or 3 officers as Authorising Officers, and suggested that they should be officers at the Head of Service level. In order to avoid the possibility that a Head of Service could be perceived to be agreeing to "their" investigation within their own Service, it is proposed that Authorising Officers at Head of Service level are appointed from



within Strategy & Resources, with the City Solicitor continuing to undertake the role of SRO for these purposes.

- 3.47 The Head of Property, Finance and Technology has reviewed the arrangements for the use of RIPA powers and has monitored their use. He is satisfied that the procedures in place are up to date, fit for purpose, effectively communicated, and routinely complied with.
- 3.48 Although there is little use of these powers currently, officers will continue to update Members annually on their use, and on any changes in procedure which may be required as a result of legislation, in line with the relevant codes of practice.

#### **4 DECISIONS IN RELATION TO LICENSING MATTERS**

- 4.1 The Head of Licensing and Registration has responsibility to ensure that the Council's arrangements in respect of licensing matters are up to date, fit for purpose, effectively communicated, routinely complied with and monitored.

##### Entertainment and Miscellaneous Licensing Decisions

- 4.2 As Members are aware the Council is required to take a variety of licensing decisions in accordance with the Licensing Act 2003, Gambling Act 2005 and other miscellaneous legislation providing for the licensing of scrap metal dealers, sex establishment licence, place of marriage, hypnotism, house to house collections and street collections.
- 4.3 The table set out at Appendix A to this report shows the number of applications received for, 2011, 2012, 2013 and the period between January and May in 2014. The table indicates the numbers of decisions made by Licensing Sub-Committee after representations were received. Members should note that where no representations have been received the legislation dictates certain licences must be granted.
- 4.4 The licensing authority is now responsible for the new Scrap Metal Dealers Act 2013. As this is an executive function, the refusal of applications is delegated to officers through the sub delegation scheme, until such time as it becomes a council function when it may be delegated to Licensing Committee.

##### Taxi and Private Hire Licensing Decisions

- 4.5 As Members are aware, the granting, suspension, revocation and enforcement of an individual hackney carriage (HC) or private hire (PH) licence whether for a vehicle, driver or operator is a council function under the Local Government Act 2000. In Leeds, these functions are concurrently delegated to the Licensing Committee and to the Assistant Chief Executive (Citizens and Communities) under the Scheme of Delegation approved annually at full Council. The Assistant Chief Executive (Citizens and Communities) has sub-delegated that power to the Head of Licensing and Registration, the Section Head of Taxi & Private Hire Licensing and, in some circumstances, to Principal Managers, Licensing Officers and Licensing Supervisors. All decisions taken by officers are taken in

accordance with policy and guidance decided by Members of Licensing Committee.

- 4.6 The figures for 2010, 2011, 2012, 2013 and for January to 28 May 2014 for applications, renewals, refusals, suspensions and revocations of taxi and private hire driver licences are set out in the table below.

	Applications	Refusals	Suspensions	Revocations
2010	629	18	86	69
2011	508	15	129	46
2012	794	16	74	37
2013	672	9	109	25
2014 (1 <sup>ST</sup> Jan – 28 <sup>th</sup> May)	307	3	48	7

- 4.7 When considering the above information it is important to note that there is no direct correlation between the number of suspensions and revocations in any one year. For example, the number of licences revoked in any one year will include a proportion which were suspended in the previous year.
- 4.8 It is also important to note that many decisions result from the application of other legislation and the decisions of other bodies such as the courts or DVLA. As explained earlier in this report, many officer decisions flow directly from the application of an approved council policy.
- 4.9 The legal provisions relating to the grant, refusal, suspension and revocation of Licences set out statutory Rights of Appeal to the Magistrates Court against almost all the decisions that would take effect. In the period between 1 January and 28 May 2014, 25 appeals have been received. The reason for these appeals and the outcomes are set out below:-

Type of Appeal	Volume	Result
Against conviction	1	Refused
Against conviction and sentence	3	Dismissed
		Withdrawn for training, no costs against Council
		Withdrawn
Against refusal	2	Refused
		Allowed
Against revocation	10	Remain suspended
		Withdrawn
		Refused x 2
		Appellant unable to attend
		Re-listed x 2
		Dismissed x 2
		Allowed in part
Against sentence	1	Withdrawn
Against suspension	7	Dismissed
		Refused x 2
		Withdrawn x 3
		Badge returned
Refusal to renew	1	Licence will be granted
<b>Total</b>	<b>25</b>	

## Licensing Policy Review

- 4.10 As Members are aware, the licensing decision making framework is dependent upon a comprehensive list of policies agreed, as appropriate, by the then Licensing and Regulatory Panel, the now Licensing Committee, Executive Board

or Full Council. These policies are regularly reviewed by Licensing Committee in response to changes in legislation, law and practice, or other circumstances. Any changes are carried out after a full public consultation.

4.11 The report which Members received in September 2013 set out details of planned policy reviews. Since this time the following progress has been made:-

- The Statement of Licensing Policy for the Licensing Act 2003 was approved by Full Council in November 2013 and the next review is not expected until 2018.
- The Statement of Licensing Policy for the Licensing of Sex Establishments, incorporating amendments to deal with local concerns, was agreed at Executive Board and took effect from 1<sup>st</sup> September 2013. This will be kept under review and renewed when appropriate.
- The Statement of Licensing Policy for the Gambling Act 2005 was approved by Executive Board in October 2012, effective from January 2013. This is set for review 2015, to come in to effect from January 2016.;
- Licensing Committee considered proposals for a review of the Private Hire Operating conditions in December 2013. Those proposals have just completed a further round of public consultation and were re-considered by the Licensing Committee at its meeting in June 2014. The revised policy has now been introduced.
- The Licensing Committee considered proposals to update the convictions criteria used when assessing new hackney carriage and private hire drivers in January 2014. Those proposals have just completed a further round of public consultation and are due to be re-considered by the Licensing Committee at its meeting in June 2014.
- The Licensing Committee considered proposals to introduce a new policy for three year licences in March 2014. Those proposals have just completed a further round of public consultation and were re-considered by the Licensing Committee at its meeting in June 2014. The revised policy has now been introduced.
- The Licensing Committee considered proposals to abolish the English comprehension requirement for Hackney Carriage Proprietors in March 2014. Those proposals have just completed a further round of public consultation and were re-considered by the Licensing Committee at its meeting in June 2014. The committee have asked for some further work to be done on the proposal and will re-consider the matter in August 2014.
- The Licensing Committee considered proposals to increase the age restriction for advertising on hackney carriage vehicles in April 2014. Those proposals have just completed a further round of public consultation and are due to be re-considered by the Licensing Committee at its meeting in July 2014.

- 4.12 This review process ensures that all policies remain up to date and are fit for purpose, reflecting the up to date position on changes to legislation or law and practice.
- 4.13 Licensing policies are published on the council's website and form part of a comprehensive training programme designed for new Members of the Licensing Committee. Newly recruited officers are provided training in the policies as part of their initial appraisal process and can only take decisions after they have completed their training. Only a limited number of officers can take decisions at different levels in accordance with the scheme of delegation. All training is monitored through the appraisal process and regular meetings with their line manager.
- 4.14 Reports on the numbers of licences granted and any delegated decisions are provided to Licensing Committee so they can monitor the effectiveness of the licensing decision making framework and the policies that guide it. Entertainment Licensing and Taxi and Private Hire Licensing last provided reports to Licensing Committee in January 2014.

#### Regular DBS Disclosures for Taxi and Private Hire Licence Holders

- 4.15 The introduction of three yearly DBS disclosures for licence holders was approved by the Licensing Committee in December 2013.

### **5 PLANNING**

- 5.1 The Chief Planning Officer has responsibility to ensure that the council's arrangements for dealing with and determining planning matters are up to date, fit for purpose, effectively communicated, routinely complied with and monitored.
- 5.2 Planning Services has internal arrangements in place to provide assurance in the decision making process and to mitigate any potential risk of challenge on the grounds of partiality or bias. The service is firmly committed to a programme of continuous improvement, ensuring that processes take into account best practice and from learning from past errors. A number of actions and improvements have taken place over the last year and this are described below.

#### **Decision making framework for planning matters**

##### Delegation Scheme

- 5.3 The Chief Planning Officer is authorised to carry out specific functions on behalf of the council. All planning applications are considered to fall within the delegation scheme and will be determined by officers under the sub-delegation scheme, unless they fall into defined exceptional categories which were detailed in the previous report to this Committee.
- 5.4 The Chief Planning Officer's delegation scheme forms part of the Constitution and was last reviewed and approved by Full Council in May 2013.

### Sub Delegation Scheme

- 5.5 The sub delegation scheme sets out which functions have been sub-delegated by the Chief Planning Officer to other officers and any terms and conditions attached to the authority sub-delegated by the Chief Planning Officer. The latest sub delegation scheme was approved on 25 February 2014.
- 5.6 The Chief Planning Officer's sub-delegation scheme ensures that decision making is undertaken at the appropriate level of seniority and experience. For example, only officers at Deputy Area Planning Manager level and above have the authority to determine major applications. Other applications can only be signed off by officers at PO4 level and above. No officer can 'sign off' their own applications and therefore an appropriate level of external scrutiny is brought to bear on each proposal before it is finally determined.

### Audit of decision making

- 5.7 Internal Audit undertook a review of the processes and systems in place for undertaking planning decisions in early 2014. The scope of the review was to obtain assurance that there was a robust system in place to ensure decisions in respect of planning applications were taken promptly and in accordance with all relevant legislation and guidance and that appropriate levels of income are collected and recorded. The audit concluded that Substantial Assurance was provided for the control environment. This was found to be sufficiently robust to provide assurance in respect of compliance with legislation and in respect of the full and complete collection of fee income. However, one action was identified: ensuring all officers consistently sign a declaration of no interest. Although the organisational impact of this identified issue was assessed to be minor.

### Officer Conflict of interest and declaration of interest

- 5.8 Previously we reported the robust process in place to detect any potential conflicts of interest on delegated decisions made in respect of planning applications and the process that officers follow in declaring or making it known any beneficial interest in land and property. This includes the Council's annual declaration interest process and officers declaring where there is a potential conflict (eg financial interests or relationship with the applicant).
- 5.9 Additionally, it was reported in the last report to this Committee that Internal Audit carried out an independent review of the controls in place to detect any conflicts of interest on the decisions made in respect of planning applications. The Head of Internal Audit was able to provide high level assurances that key controls were in place within the planning application process to mitigate the risk of planning decisions being subject to conflicts of interest and inappropriate influence.
- 5.10 In order to strengthen this process, a review has been undertaken to look at extending the number of officers who would be required to declare their interest, by recognising that it is not necessarily grade, but role that may dictate whether there is a need to know information on interests. There is ongoing dialogue with Trade Union representatives regarding the proposed officer declarations of "no interest", reflecting their concerns about the need for clear guidance on what

constitutes a declarable interest and ensuring all officers involved in delegated decisions on planning matters are involved and treated on an equitable basis. Further discussions are taking place.

#### Review of the Plans Panel

- 5.11 Following the reorganisation of the Plans Panels in 2012, two review reports were presented to General Purposes Committee (GPC); the first after six months operation in May 2013 and a further report after a year's operation in October 2013. The reports focussed on workloads, delivery of major schemes, pre-application process, and operation of meetings. After initial teething problems, the Plans Panel meetings are now more focussed, there is more first time decision making with significant and strategic schemes delivered in a timely manner. The report recommended that GPC embed the Plans Panel arrangements permanently as part of the Council's decision making framework, which was agreed.
- 5.12 A close watch will continue to be maintained on workloads and the duration of meetings, particularly if major application numbers continue to rise, leading potentially to more applications coming to City Panel. However, the use of special meetings to deal with particular applications such as energy from waste, NGT and Thorpe Park have been useful and allows for the appropriate time and level of scrutiny to be given to strategically important applications.

#### Governance documents

- 5.13 One of the recommendations arising from the review of the plans panel arrangements in 2012 was the development of an officer-member communication protocol which would provide a framework for ward member involvement in the planning process, particularly on significant major applications.
- 5.14 The protocol was developed in conjunction with the Executive Board Member for Neighbourhoods, Planning and Support Services, the Plans Panel Chairs, Chair of Development Plan Panel and representatives of the two main political parties and was agreed at a joint meeting of the Plans Panels on 14 November 2013. It reflects the essential need to inform ward members and to keep them involved in the formation of development proposals. It also reflects the speculative nature of some pre-application approaches by applicants, constraints commercial confidentiality can initially place on the service and the need for expeditious decision making, in order to deliver major and strategically important applications, essential to the growth of the City. The protocol seeks to maintain this balance by adopting a practical approach, providing scope for initial officer- developer contact, leading to further ward member engagement, as appropriate.
- 5.15 The protocol has the flexibility to meet the different needs and requirements of ward members, rather than taking a "one size fits all" approach, whilst delivering within existing resources.
- 5.16 The protocol has been reviewed after six months operation and this will be reported to the Joint Plans Panel at the next meeting on 10 July 2014.

Planning performance workloads September 2013 to end May 2014

- 5.17 During this reporting period the service has been dealing with a significant workload, whilst progressing with a number of large and strategically important developments including East Leeds Extension, Thorpe Park, Thorp Arch, Victoria Gate and a number of complex residential schemes. There has also been considerable input with local members and communities reflecting the localism agenda; emphasis on working positively with applicants on raising the quality of design in Leeds and helping to deliver the ambitious Core Strategy housing targets. This is within a context of increasing application numbers and changes brought about from the Government’s planning reform agenda.
- 5.18 In the period covered by this report 3,263 applications were received by the Local Planning Authority, with 2,946 decisions being made. 97.7% of decisions were made by officers under the delegation scheme, a small increase in the number of delegated decision for the whole of 2012-13 where 96.8% were made under delegated powers.
- 5.19 Overall planning application numbers have been on the increase, with numbers in 2013-14 up by 2.8% compared with the whole of 2012-13. However, major applications for 2013-14 increased by 20% compared with the previous year.
- 5.20 There are statutory determination timescales for different categories of applications, which are described in the table below. Progress continues to be made in improving performance year or year and currently the service is exceeding performance in all areas. The most progress has been made on performance on major applications, and at the end of May 2014, 76.5% of major applications were determined in time.

	% Majors in time (target 60%)	% Minors in time (target 65%)	% Other in time (target 80%)
2011-12	56.3	76.9	85.1
2012-13	61.3	77.4	88.9
2013-14	73.3	70.3	83.3
2014-15 (to 31 May 2014)	76.5	70.0	83.0

- 5.21 This Committee heard in the last assurance report about the provisions in the Growth and Infrastructure Act which enables the Government to place authorities in “special measures” where they have been shown to be “poor performers”. This is based on two criteria: determination of fewer than 30% of major applications in time and more that 20% of major appeal decisions overturned. The service’s performance on major applications, and as Committee will see in the appeals section below, clearly exceeds the threshold for special measures designation. This is critical for local decision making as one consequence of being in special measures is that applications for major schemes can be made directly to the Planning Inspectorate, bypassing the Local Planning Authority.

Planning performance Agreements and extension of time

- 5.22 Most applications can be dealt with within the statutory period, but for some applications a bespoke timetable is appropriate. The provisions in the Growth and



Infrastructure Act that brings in the power to designate poor performing authorities also recognises that where council and applicants agree, the timetable for dealing with major development applications can be extended beyond the period. Where the council is then able to meet the new agreed date, an application is counted as satisfying the timeliness requirement for major development applications.

- 5.23 The tools for achieving this bespoke approach are planning performance agreements (PPA) and agreed extensions of time. PPA are a useful project management tool which sets milestones for ensuring that applications are dealt with expeditiously and within agreed timeframe. PPA have been used in Leeds for a number of years and give an additional level of scrutiny and proactive management on the largest and most complex of applications. In the reporting period there have been 24 PPA, all of which have been dealt with within agreed timescales.
- 5.24 Agreements to an extension of time have mutual advantages for both the council and the applicant in reducing uncertainty around project managing the planning application process. In the reporting period there have been 142 extension of time agreements and are now being embedded within the service as good practice.

#### Decisions contrary to the officer recommendation

- 5.25 Decisions on planning applications are taken in accordance with the Development Plan, unless material considerations indicate otherwise. From time to time, especially where decisions are closely balanced, the Plans Panels may attach different weight to the potential planning considerations and may take a decision which is contrary to the officer recommendation. Where this occurs there is the need to provide a robust and defensible basis for taking an alternate view, so that as far as possible it will be capable of surviving a legal challenge or appeal. A high level of decisions taken that are contrary to the officer recommendation may give the appearance that elected members and officers are not working well together, which has the potential to show a lack of confidence in the planning system in Leeds.
- 5.26 During 2013-14, the three Plans Panels considered 136 applications. Seven decisions were made contrary to officer recommendation, this is similar to 2012-13 performance where 6.3% of member decisions were contrary to the officer recommendation.

#### Appeals and complaints

- 5.27 The service uses several indicators to determine the quality of decision making: number of lost appeals, number of ombudsman complaints received and numbers upheld.
- 5.28 The table below shows that performance on the number of dismissed appeals is improving year on year, demonstrating that the service's decision making is robust and transparent. A continuous review of appeal decisions takes place to ensure that any common themes are highlighted and to mitigate the risk of appeals occurring on similar grounds.

Year	Appealed Decisions	Dismissed	Costs awarded against Council	Costs awarded to Council
2013-14	251	71%	4	0
2012-13	187	67%	3	0
2011-12	254	69%	7	2

- 5.29 In 2013-14 appeal costs of £4,796 were received by the council from the Planning Inspectorate from the rerun of the Hook Moor Wind Farm Inquiry following the quashing of the original decision. Costs paid out on 2 appeals totalled £12,900. Two other costs awards (one full and one partial) made in August / September 2013 have not resulted in claims being made yet.
- 5.30 There are currently 51 outstanding planning appeals. The outcome of the Kirklees Knoll Protected Area of Search (PAS) site inquiry is expected from the Secretary of State towards the end of May. A second PAS Inquiry at Grove Road, Boston Spa is scheduled to start on 20<sup>th</sup> May and there are Inquiries scheduled in July at Deighton Road, Wetherby (retirement home) and Cottingley Springs (traveller's site).
- 5.31 Between 1<sup>st</sup> September 2013 and 31<sup>st</sup> May 2014 the planning service received 16 notifications of complaints from the Local Government Ombudsman (LGO).
- 5.32 Twelve of the cases were received closed, the LGO advising the council that the case had been received but there was no evidence to support the complaint. No action was required by the planning service on these cases.
- 5.33 One case was closed after enquires were made to the planning service. The LGO concluded as there was no evidence of fault by the council causing an injustice, they decided not to investigate.
- 5.34 Three other cases referred to the same housing site where the service accepts that the impact on an adjacent Conservation Area was not properly considered. As part of the LGO investigation a report was commissioned from an independent planning consultant. The LGO provisional view on these cases has found fault with the way the LPA considered the application but found no injustice causing harm.
- 5.35 No financial settlements have been suggested by the LGO during this period.

### **Embedding the framework for planning matters**

#### Training for officers

- 5.36 As mentioned in previous reports to this Committee, the service places emphasis on ensuring that planning officers are up to date with current legislation, best practice and government initiatives. This ensures the decision making process is based on the most current and accurate information possible.
- 5.37 The planning case officers' meeting continues to take place every 6 to 8 weeks with opportunities for guest speakers who provide information on planning and planning related information, for example the Core Strategy, health and well-being agenda, retail policy and Community Infrastructure Levy. The meeting also

facilitates two way communication to ensure agreement is reached on operational issues and a consistent approach is adopted across the service.

- 5.38 External formal training has been accessed by a number of officers through the Royal Town and Planning Institute seminar programme. Officer's attending the training cascade the information to colleagues at case workers meetings, as appropriate.

#### Member Training

- 5.39 In order to sit on the Plans Panel, members are required to receive compulsory training, as per the requirements in Article 8 of the Council's Constitution. In the reporting period, all members have undertaken the compulsory training through a either attendance at a session in September 2013, a mop up session in November 2013 or one-to one sessions with Planning Officers. In addition, members had the opportunity to attend decision making training which dealt with recording of committee meetings by third party held in March. This is in response to new legislation soon to be made by Government.
- 5.40 Members shadowing planning officers in the planning office was offered last year and taken up by a number of members. It is anticipated that this will be offered again this year.

#### **Relationship with partners and customers**

##### House builders' workshop

- 5.41 In October 2013, a council led seminar with national house builders took place. The session was attended by representatives from the volume house building industry, elected members including the plans panel chairs and Executive Board member for neighbourhoods, planning and support services and council officers.
- 5.42 The service took a proactive approach to engaging with volume house builders in a bid to address concerns about the quality of large residential proposals in Leeds. The aim of the session was to work with developers to help deliver high quality development which better reflects the varied character and identity of the different communities throughout Leeds. The expectation is that this would lead to better proposals through the clear articulation of the Council's ambition for high quality housing, more clarity for applications and more consistent and speedier decision making.
- 5.43 The next steps are the agreement of principals which will hopefully form the basis a "Leeds Standard", expressing the quality in design and place making aspirations of the council for new residential schemes.

##### Planning Review

- 5.44 A full review of the function and role of planning services commenced in March 2014. The aim of the review is to:

- assess the appropriateness of resources, the culture of the organisation and embedding the development management approach in striving for high performance
- consideration of workload volume and level of support
- consideration of the current service income and identification of any further opportunities for further monetising the service
- consideration of the overall determination process, focusing on if and where improvements in processes or cost-savings can be identified.

5.45 The review process has involved interviewing internal and external stakeholders and follow up in depth workshops to further explore priority areas. Staff groups have been heavily involved in the review in informing the process.

5.46 The four month review ends at the end of June 2014 with the issue of a final report and action plan.

### Customer Services

5.47 The customer services section within planning services has been the holder of the Customer Services Excellence Award (CSE) since 2009. This is a national government standard awarded to organisations which demonstrate that they are a customer centric organisation. The scope has now been broadened to include the wider planning service. The whole service was subject to an external assessment in April 2014 and was successful in gaining the award. The service is only the second planning service in the country to hold the award and will be reassessed on an annual basis.

5.48 Next year, the service will be assessed against rigorous criteria which looks at customer satisfaction. The service will run a customer survey in autumn 2014 to feed into the CSE process and methodologies are currently being considered in order to achieve a better response rate than the 7% of the January 2013 survey.

## **6 Corporate Considerations**

### **6.1 Consultation and Engagement**

6.1.1 The information contained in this report has been shared with the Corporate Leadership Team and with the Executive Board Co-ordination Group in order that information can be further disseminated as appropriate within directorates.

6.1.2 Full consultation in relation to the licensing policies adopted in accordance with the reviews described in paragraph 3.51 above ensure that those policies take into account the views of both trade and public.

### **6.2 Equality and Diversity / Cohesion and Integration**

6.2.1 Equality and cohesion screening assessments are carried out on all reviews of licensing policies referred to in paragraph 3.51 above.

### **6.3 Council policies and City Priorities**

- 6.3.1 The new Best Council Plan sets out the Council's ambition to become the best Council in the UK, using a civic enterprise leadership style, in which the council is more enterprising, businesses and partners more civic, and the citizens of Leeds more actively engaged in the work of the city.
- 6.3.2 In conjunction with the Council's values, particularly that of being open, honest and trusted, this ambition is captured in the Council's decision making framework which is designed to ensure open and honest decision making, enabling engagement of the public with Key decisions taken by Members or officers.

### **6.4 Resources and value for money**

- 6.4.3 Given the assurances made by the Head of Governance Services, the Head of Licensing and Registration and the Chief Planning Officer as a result of the implementation and monitoring of the Council's decision making framework it is considered that the systems and processes in place represent an appropriate use of resources and good value for money.

### **6.5 Legal Implications, Access to Information and Call In**

- 6.5.1 The Head of Governance Services, Head of Licensing and Registration and Chief Planning Officer are satisfied that the arrangements put in place through the Council's decision making framework meet all legal requirements.
- 6.5.2 Proper implementation of the decision making framework ensures appropriate access to information for both elected Members and the public.
- 6.5.3 It is anticipated that the Secretary of State will issue Openness of Local Government Bodies Regulations during the course of 2014. These regulations will place formal requirements on recording of meetings and on the publicity given to decisions taken in respect of Council functions. The Monitoring Officer will ensure that appropriate amendments are made to practice and procedure, and that these are reflected in the Council's Constitution as and when these regulations take effect.

### **6.6 Risk Management**

- 6.6.1 The Head of Governance Services, Head of Licensing and Registration and Chief Planning Officer give assurance that the systems and processes that form part of the Council's decision making framework are functioning well and that there are no risks identified by this report.

## **7 Conclusions**

- 7.1 From the review, assessment and ongoing monitoring carried out the Head of Governance Services has reached the opinion that, overall, decision making systems are operating soundly and that there are no fundamental control weaknesses.

**8 Recommendations**

8.1 Members are requested to consider and note the positive assurances provided in this report.

**9 Background documents<sup>6</sup>**

9.1 None

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<sup>6</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

			2011	2012	2013	2014 Jan - May
Licensing Act 2003	Premises Licences	Number of applications	1006	1034	1079	372
		Number of committee decisions	177	152	44	14
	Club Premises Certificates	Number of applications	8	5	4	1
		Number of committee decisions	4	2	1	1
	Personal Licences	Number of applications	467	517	473	157
		Number of committee decisions	5	5	3	0
	Temporary Event Notices	Number of applications	1741	1741	1555	519
		Number of committee decisions	23	6	5	1
	Review Applications	All heard before committee	4	11	7	7
	Gambling Act 2005	Premises Licences	Number of applications	14	14	7
Number of committee decisions			3	0	4	0
Permits		Number of applications	55	13	30	5
		Number of committee decisions	0	0	0	0
Small Society Lottery Registrations		Number of applications	50	65	55	13
		Number of committee decisions	0	0	0	0
Temporary/ Occasional Use Notices		Number of applications	0	0	0	0
		Number of committee decisions	0	0	0	0

Miscellaneous	Marriage Act Premises Registrations	Number of applications	18	13	17	9
		Number of committee decisions	0	0	0	0
	Sex Establishment Licences	Number of applications	8	12	12	2
		Number of committee decisions	0	7	13	0
	Scrap Metal Dealers Registrations	Number of applications	21	59	126	37
		Number of committee decisions	0	0	0	0
	Motor Salvage Operators Registrations	Number of applications	5	3	0	n/a
		Number of committee decisions	0	0	0	n/a
	Street Collection Permits	Number of applications	161	237	165	71
		Number of committee decisions	0	0	0	0
	House to House Collection Permits	Number of applications	39	27	34	5
		Number of committee decisions	0	0	0	0
	Hypnotist Licences	Number of applications	2	2	5	2
		Number of committee decisions	0	0	0	0



**Report of the Chief Officer (Audit and Investment)**

**Report to Corporate Governance and Audit Committee**

**Date: 10<sup>th</sup> July 2014**

**Subject: Internal Audit Annual Report and Opinion 2013/14**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**Summary of main issues**

1. This report provides the Internal Audit Annual Report and Opinion for 2013/14.
2. The overall conclusion is that on the basis of the audit work undertaken during the 2013/14 financial year, there are no outstanding significant issues arising from the work undertaken by Internal Audit. Furthermore, on the basis of the audit work undertaken during the 2013/14 financial year, the internal control environment (including the key financial systems, risk and governance) is well established and operating effectively in practice. However, no systems of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. The Internal Audit activity conforms with the International Standards for the Professional Practice of Internal Auditing.

**Recommendations**

3. The Committee is asked to receive the Internal Audit Annual Report for 2013/14 and note the opinion given that on the basis of the audit work undertaken during the 2013/14 financial year. In particular:
  - That there are no outstanding significant issues arising from the work undertaken by Internal Audit;
  - That on the basis of the audit work undertaken during the 2013/14 financial year, the internal control environment (including the key financial systems, risk and governance) is well established and operating effectively in practice;

- That the Internal Audit team conforms with the International Standards for the Professional Practice of Internal Auditing.<sup>1</sup>

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<sup>1</sup> The Public Sector Internal Audit Standards is the application of the Institute of Internal Auditors (IIA) International Standards to the UK Public Sector

## **1 Purpose of this report**

- 1.1 The purpose of this report is to bring to the attention of the Committee the annual Internal Audit opinion and basis of the internal audit assurance for 2013/14.
- 1.2 By reviewing, challenging and monitoring such reports the Committee itself is demonstrating sound governance arrangements and enabling it to take appropriate action if needed. It should be noted that Internal Audit will also issue interim reports to the Committee if any significant matters arise which would warrant immediate attention.

## **2 Background information**

- 2.1 The Corporate Governance and Audit Committee ('the Committee') has responsibility for reviewing the adequacy of the Council's Corporate Governance arrangements. Reports issued by Internal Audit are a key source of assurance providing the Committee with some evidence that the internal control environment is operating as intended.
- 2.2 On behalf of the Committee and the Deputy Chief Executive, Internal Audit acts as an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 2.3 The terms of reference of the Committee require that it considers the Council's arrangements relating to Internal Audit. This specifically includes considering the annual report and the opinion on the control environment contained in that report and monitoring the performance of internal audit.

## **3 Main issues**

- 3.1 The Public Sector Internal Audit Standards 2013 require that the Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control and must incorporate:
  - The opinion;
  - A summary of work that supports the opinion;
  - A statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.
- 3.2 For 2013/14, the opinion is:

*On the basis of the audit work undertaken during the 2013/14 financial year, there are no outstanding significant issues arising from the work undertaken by Internal Audit.*

*Furthermore, on the basis of the audit work undertaken during the 2013/14 financial year, the internal control environment (including the key financial systems, risk and governance) is well established and operating effectively in practice.*

*However, no systems of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.*

*The Internal Audit activity conforms with the International Standards for the Professional Practice of Internal Auditing.*

3.3 The annual opinion is based on the findings and assurance provided by the schedule of reviews undertaken throughout the year. The report therefore contains a summary of completed jobs along with their individual opinions.

3.4 There are no issues identified by Internal Audit in the Annual Report 2013/14 that would necessitate direct intervention by the Committee.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

4.1.1 This report did not highlight any consultation and engagement considerations.

### **4.2 Equality and Diversity / Cohesion and Integration**

4.2.1 This report does not highlight any issues regarding equality, diversity, cohesion and integration.

### **4.3 Council policies and City Priorities**

4.3.1 The terms of reference of the Corporate Governance and Audit Committee require the Committee to review the adequacy of the Council's corporate governance arrangements. This report forms part of the suite of assurances that provides this evidence to the Committee.

### **4.4 Resources and value for money**

4.4.1 In relation to resources and value for money, the Internal Audit work plan includes a number of value for money reviews and a number of initiatives in line with the council's value of spending money wisely. These will be included in the regular update reports to the Committee.

### **4.5 Legal Implications, Access to Information and Call In**

4.5.1 None.

### **4.6 Risk Management**

- 4.6.1 The Internal Audit plan has been and will continue to be subject to constant review throughout the financial year to ensure that audit resources are prioritised and directed towards the areas of highest risk. This process incorporates a review of information from a number of sources, one of these being the corporate risk register.

## **5 Conclusions**

- 5.1 The overall conclusion is that on the basis of the audit work undertaken during the 2013/14 financial year, there are no outstanding significant issues arising from the work undertaken by Internal Audit. Furthermore, on the basis of the audit work undertaken during the 2013/14 financial year, the internal control environment (including the key financial systems, risk and governance) is well established and operating effectively in practice. However, no systems of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. The Internal Audit activity conforms with the International Standards for the Professional Practice of Internal Auditing.

## **6 Recommendations**

- 6.1 The Committee is asked to receive the Internal Audit Annual Report for 2013/14 and note the opinion given that on the basis of the audit work undertaken during the 2013/14 financial year. In particular:
- That there are no outstanding significant issues arising from the work undertaken by Internal Audit;
  - That on the basis of the audit work undertaken during the 2013/14 financial year, the internal control environment (including the key financial systems, risk and governance) is well established and operating effectively in practice;
  - That the Internal Audit team conforms with the International Standards for the Professional Practice of Internal Auditing.

## **7 Background documents**

- 7.1 None.

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**Internal Audit**

**Annual Report and Opinion  
2013 / 2014**

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Section 1

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## INTRODUCTION

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### 1.1 The Annual Reporting Process

1.1.1 Management is responsible for the system of internal control and must set in place policies and procedures to help ensure that the system is functioning correctly. On behalf of the Corporate Governance & Audit Committee (CG&AC) and the Deputy Chief Executive, Internal Audit acts as an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.<sup>1</sup>

1.1.2 The Corporate Governance and Audit Committee's terms of reference include the consideration of the Council's arrangements relating to internal audit requirements including considering the annual internal audit report and monitoring the performance of internal audit.

1.1.3 This report is the culmination of the work during the course of the year and seeks to provide an internal audit opinion based on an objective assessment of the framework of governance, risk management and control. This includes an evaluation of the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems. In accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit<sup>2</sup> must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. This annual report incorporates:

- The Head of Internal Audit's opinion on the organisation's control environment;
- A summary of the work that supports the opinion; and
- A statement on conformance with the PSIAS and the results of the quality assurance and improvement programme.

### 1.2 Requirement for Internal Audit and Internal Audit Standards

1.2.1 A professional, independent and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector.

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<sup>1</sup> Public Sector Internal Audit Standards definition of Internal Auditing.

<sup>2</sup> The Head of Internal Audit within LCC is the 'Chief Audit Executive' as defined in the Public Sector Internal Audit Standards. *The Chief Audit Executive describes a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the 'Definition of Internal Auditing', the 'Code of Ethics' and the 'Standards.'* (PSIAS.)

- 1.2.2 The authority has a duty to maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control. This role is complemented by initiatives aimed at promoting effective corporate governance.
- 1.2.3 The Accounts and Audit (England) Regulations 2011 - that came into force on the 31<sup>st</sup> March 2011 and revoked the Accounts and Audit Regulations (England) 2003 - maintain the requirement for relevant bodies to have a sound system of internal control and conduct a review at least once a year of the effectiveness of its internal audit.
- 1.2.4 1<sup>st</sup> April 2013 saw the introduction of the new United Kingdom Public Sector Internal Audit Standards that apply across the whole of the public sector. The PSIAS are based on the Chartered Institute of Internal Auditors (IIA) Standards, with a limited number of additional requirements and interpretations that allow PSIAS to be adapted for the public sector.
- 1.2.5 The PSIAS replaced the Code of Practice for Internal Audit in Local Government in the UK – last revised in 2006 – with effect from 1<sup>st</sup> April 2013. The objectives of the PSIAS are to define the nature of internal auditing and set basic principles for carrying out this work in the UK public sector; to establish a framework for providing internal audit services and establish the basis for evaluation of performance and drive improvement planning.
- 1.2.6 The requirements of the PSIAS in relation to the annual report are detailed above at 1.1. In addition, the PSIAS require that the Head of Internal Audit must confirm to the Corporate Governance and Audit Committee at least annually, the organisational independence of internal audit activity.
- 1.2.7 The PSIAS require the responsibility for the management of Internal Audit to be set with the Board. In practical terms, this Board responsibility is vested in the Corporate Governance and Audit Committee and Section 151 Officer who exercise their Board responsibility via the Constitution and the associated policies and procedures of the Council.
- 1.2.8 The Committee were presented with a report on the PSIAS during November 2013. This informed members of the new standards, the Internal Audit Quality Assurance and Improvement Programme as defined by the Standard, and provided an assurance on compliance with these.

### 1.3 Organisational Independence

- 1.3.1 As detailed in the Internal Audit Charter, the Head of Internal Audit must report to a level within the Council that allows Internal Audit to fulfil its responsibilities. Organisational independence is effectively achieved at LCC in that the Head of Internal Audit reports functionally to the Corporate Governance and Audit Committee. The Head of Internal Audit reports administratively (i.e. day to day operations) to the Chief Officer (Audit and Investment.)

1.3.2 Examples of functional reporting to the Corporate Governance and Audit Committee include:

- Approval of the internal audit charter;
- The Head of Internal Audit having direct and unrestricted access to Corporate Governance and Audit Committee and its Chair;
- Receiving communications from the Head of Internal Audit on Internal Audit's performance and activity.

1.3.3 As set out in the authority's Financial Regulations, Internal Audit is responsible for conducting its work in accordance with professional standards. Financial Regulation 11 states that: *'The Head of Internal Audit must be able to report without fear or favour, in their own name to the Chief Executive, the Executive Board, the Corporate Governance and Audit Committee and the scrutiny function.'*

Section 2

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## REVIEW OF INTERNAL CONTROL AND OPINION

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### 2.1 Opinion 2013/14

- 2.1.1 The Public Sector Internal Audit Standards (Performance Standard 2450) state that *'the Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.'* This must be based on an objective assessment of the framework of governance, risk management and control and include an evaluation of the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems:

*On the basis of the audit work undertaken during the 2013/14 financial year, there are no outstanding significant issues arising from the work undertaken by Internal Audit.*

*Furthermore, on the basis of the audit work undertaken during the 2013/14 financial year, the internal control environment (including the key financial systems, risk and governance) is well established and operating effectively in practice.*

*However, no systems of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.*

*The Internal Audit activity conforms with the International Standards for the Professional Practice of Internal Auditing.<sup>3</sup>*

### 2.2 How Internal Control is reviewed

- 2.2.1 Internal Audit continues to embrace the risk assessment approach to audit. During the course of the year, the risk map of the Authority has been continually challenged and used to form the basis of Internal Audit's operational plan for the coming year. The review process draws on key indicators of risks to the organisation and attempts to ensure that suitable audit time and resources are devoted to review the more significant areas. The Corporate Risk Register is used as a key source of information during this process. The audit plan contains a contingency provision that is utilised during the year in response to unforeseen work demands. This risk based approach to audit planning results in a comprehensive range of

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<sup>3</sup> The Public Sector Internal Audit Standards is the application of the Institute of Internal Auditors (IIA) International Standards to the UK Public Sector

audits that are undertaken during the course of the year to support the overall opinion on the control environment.

2.2.2 The Public Sector Internal Audit Standards define control as “any action taken by management, the board and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved.” In practice, the main types of controls which may be present are:

- Segregation of duties
- Organisational
- Authorisation and Approval
- Physical
- Supervision
- Personnel
- Arithmetical and accounting
- Management

2.2.3 There are three elements to each internal audit review. Firstly, the control environment is reviewed by identifying the objectives of the system and then assessing the controls in place mitigating the risk of those objectives not being achieved. Completion of this work enables internal audit to give an assurance on the control environment.

2.2.4 However, controls are not always complied with which in itself will increase risk, so the second part of an audit is to ascertain the extent to which the controls are being complied with in practice. This element of the review enables Internal Audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.

2.2.5 Finally, where there are significant control environment weaknesses or where the controls are not being complied with and only limited assurance can be given, internal audit undertakes further substantive testing to ascertain the impact of these control weaknesses.

2.2.6 To ensure consistency in audit reporting, the following definitions of audit assurance are used for all systems and governance audits completed:

Control Environment Assurance		
	Level	Definitions
1	<b>Substantial Assurance</b>	There are minimal control weaknesses that present very low risk to the control environment.
2	<b>Good Assurance</b>	There are minor control weaknesses that present low risk to the control environment.
3	<b>Acceptable Assurance</b>	There are some control weaknesses that present a medium risk to the control environment.
4	<b>Limited Assurance</b>	There are significant control weaknesses that present a high risk to the control environment
5	<b>No Assurance</b>	There are fundamental control weaknesses that present an

Control Environment Assurance	
Level	Definitions
	unacceptable level of risk to the control environment.

Compliance Assurance	
Level	Definitions
1	<b>Substantial Assurance</b> The control environment has substantially operated as intended although some minor errors have been detected.
2	<b>Good Assurance</b> The control environment has largely operated as intended although some errors have been detected.
3	<b>Acceptable Assurance</b> The control environment has mainly operated as intended although errors have been detected.
4	<b>Limited Assurance</b> The control environment has not operated as intended. Significant errors have been detected.
5	<b>No Assurance</b> The control environment has fundamentally broken down and is open to significant error or abuse.

2.2.7 Organisational impact is reported as either major, moderate or minor. Any reports with major organisational impacts are reported to Corporate Leadership Team along with the appropriate directorate’s agreed action plan and then to Corporate Governance & Audit Committee as part of the regular update reports.

Organisational Impact	
Level	Definitions
1	<b>Major</b> The weaknesses identified during the review have left the council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
2	<b>Moderate</b> The weaknesses identified during the review have left the council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
3	<b>Minor</b> The weaknesses identified during the review have left the council open to low risk. This could have a minor impact on the organisation as a whole.

2.2.8 Specifically for the compliance reviews undertaken, the following definitions have been used to assess the level of compliance in each individual area reviewed:

Opinion for Compliance Audits – Levels of Compliance	
Level	Definitions
1	<b>High</b> There was significant compliance with agreed policy and/or procedure with only minor errors identified.
2	<b>Medium</b> There was general compliance with the agreed policy and/or procedure. Although errors have been identified these are not considered to be material.
3	<b>Low</b> There was limited compliance with agreed policy and/or

Opinion for Compliance Audits – Levels of Compliance	
Level	Definitions
	procedure. The errors identified are placing system objectives at risk.

## 2.3 Basis of Assurance

2.3.1 The annual opinion on the adequacy and effectiveness of the control environment for 2013/14 is based on the findings and assurance provided by the schedule of reviews undertaken throughout the year. The 2013/14 plan and audit coverage has followed the same principles as agreed in previous years, i.e. based on assurance blocks that each give an opinion on the key control environment elements, targeted towards in year risks, rather than a more traditional cyclical approach that looks at each system over a number of years.

2.3.2 The key areas of assurance are as follows:

### 2.3.3 Key Financial Systems

An annual review of each of the authority’s key financial systems is undertaken to provide evidence supporting the internal audit opinion on the adequacy of the organisation’s control environment.

As previously, the key financial systems subject to audit were agreed in advance with the authority’s external auditors KPMG as they review this work and use this as a key source of assurance on the organisation. KPMG has reviewed the majority of internal audit’s work on key financial systems in 2013/14 and did not raise any concerns over the timeliness, quality and supporting evidence.

Audit coverage during the year has provided sufficient evidence to conclude that the key financial control systems are sound and that, these controls continue to work well in practice although there are some areas where improvements are necessary. The level of assurance provided for all key financial systems reviews was good or substantial. In all cases where the assurance was less than substantial, an action plan has been agreed with the appropriate officers that, if implemented, will give substantial control environment assurance.

### 2.3.4 Compliance Reviews

Coverage in this area is underpinned by an assessment of the Council’s framework of internal controls (often underpinned by policies and procedures) and included those core areas where a high level of compliance is necessary for the Council to carry out its functions properly. These compliance checks are carried out on the key areas whilst ensuring that the impact of non-compliances are understood in the context of the organisation as a whole to further develop a control environment that is proportionate and effective in the current climate. This work has included an element of challenge of the existing controls to ensure they are modern, effective

and proportionate – a number of times the outcomes have reduced bureaucracy. For example, revised guidance and controls over travel and subsistence expenditure have recently been launched to include recommendations made by Internal Audit in this area. This assurance block also included a number of unannounced visits covering different types of establishment and provided assurance over the adequacy of cash and income controls. The compliance assurance block has provided assurances that are critical to the S151 Officer and, as it provides assurance across all Directorates, underpins the Head of Internal Audit opinion on the control environment.

### 2.3.5 Cross Cutting Assurances

Internal audit has reviewed a number of key corporate functions, which give cross cutting assurances in their own right. These are areas such as procurement. These reviews included assessing the arrangements to ensure that their policies and procedures are up to date, fit for purpose, effectively communicated, routinely complied with across the organisation and monitored. These reviews provide evidence based assurance on the key policies and procedures that underpin the control environment. Where weaknesses were identified, action plans were agreed with the appropriate officers to improve the level of assurance provided. There were no significant issues highlighted in these areas.

### 2.3.6 Spending Money Wisely

As reported to the Corporate Governance and Audit Committee throughout 2013/14, significant progress has been made in raising awareness of Spending Money Wisely across the council and promoting a Spending Money Wisely culture and Internal Audit continue to work on this key area.

Approximately 600 staff ideas have been submitted with suggestions and feedback on saving money and improving services. Internal Audit is progressing these ideas as previously reported to Corporate Governance and Audit Committee, and updates have also previously been provided to the Chief Executive, Deputy Chief Executive, Financial Services Management Team and Finance Strategy Group.

Internal Audit has continued to review samples of transactions from the monthly lists of published payments (over £500) throughout 2013/14. The aim of the reviews is to raise awareness of Spending Money Wisely and embed this in the council's culture; and to act as a deterrent to staff against any spending that does not provide value for money. This work provides assurance that value for money is a consideration by authorising officers before expenditure is committed and that there is a medium level of compliance with the requirements of Contracts Procedure Rules.

Internal Audit continues to work on a number of Spending Money Wisely reviews. In order to identify areas where Spending Money Wisely/VfM work should be carried



out, a prioritisation methodology has been developed to direct resources accordingly. The methodology applies a number of assessment criteria including efficiency and financial implications as well as risk, and the potential to improve public services.

#### 2.3.7 [Anti-Fraud and Corruption](#)

The anti-fraud and corruption work undertaken includes both proactive anti-fraud and corruption work (fraud strategies) and reactive work (investigations.)

In addition, internal audit review the Authority's fraud and corruption arrangements to ensure they are in line with best practice. There is a Counter Fraud and Investigations team strategy and Counter Fraud and Corruption Action Plan for proactive and reactive fraud work that includes details of resource implications and prioritises work accordingly to ensure the risk of fraud is managed effectively with available resources. Proactive fraud exercises, data analytics work and participation in the National Fraud Initiative (NFI) provide assurance that the Authority is making every effort to detect potential fraud and prevent its recurrence.

This area of audit work also provides assurance on the ethical framework within the Council, which seeks to improve standards of conduct. This, combined with staffing policies, should therefore reduce the likelihood of fraud.

Whistleblowing protocols have been re-established during the year with directors as a means of embedding a clear and consistent approach towards the handling of whistleblowing referrals. This element of work is central to maintaining the Council wide commitment to encouraging a culture in which concerns can be raised confidently and without fear of reprisal. Alongside this, a review has taken place of both the Whistleblowing and Raising Concerns policies to ensure that clear and relevant guidance is offered upon how and when concerns should be raised around any aspect of the Council's work. The review took into account recent changes to Public Interest Disclosure legislation, and the Committee Members were consulted and invited to provide comment prior to the publication of the updated policies.

#### 2.3.8 [Risk Based Reviews](#)

A number of risk based reviews were undertaken during the year (including several follow up reviews in areas with limited assurance to assess progress towards implementation of recommendations.) These have been another key element of the assurance on the entire control environment of the authority. Each review sought to deliver an assurance on the systems for efficiency, effectiveness and economy.

#### 2.3.9 [Housing Partnerships Assurance Framework/External Work](#)

As in previous years, Internal Audit was commissioned by Housing Partnerships to undertake a suite of audits as part of the former ALMO/BITMO Assurance Framework. These provide certain assurances in relation to elements of the Housing

Partnerships monitoring function and for key risk areas in the BITMO and each of the former ALMOs.

In addition, the Section provides audit coverage of a number of grant claims and external work including school voluntary funds. During 2013/14, Internal Audit provided assurance on more than £13 million of grant claims on behalf of the authority. Income generated by the Section through contract work for former ALMOs/BITMO, school voluntary fund audits and other external assurance work was in excess of £197,000 for 2013/14.

During 2013/14, Internal Audit were selected to provide audit services to TdFHUB2014 Ltd – the company responsible for overseeing the delivery of the first three stages of the 2014 Tour de France – covering the following areas.

- Governance Arrangements
- Risk Management Review
- Grant Funding Review
- Follow up review of high priority recommendations made

Some of this work was completed during 2013/14 with the remainder being undertaken during the first quarter of 2014/15.

#### 2.3.10 Areas of Weakness

For each area of assurance, there have been instances where the control environment was not strong enough or complied with sufficiently to prevent risks to the organisation. In these cases, Internal Audit has made recommendations to further improve the systems of control and compliance. Although significant to the control environment in place for the individual system areas that have been audited, these weaknesses are not material enough to have a significant impact on the overall opinion on the adequacy of the Council's control environment at the year end. Furthermore for the reviews undertaken during 2013/14, if the risks highlighted materialised, it was concluded in each of these reviews that these would not have a major impact on the organisation as a whole. Further reviews in each area where limited assurance has been given are scheduled to be completed to ensure that the recommendations have been adopted and the suggested controls are working well in practice.

#### 2.3.11 Other Work

Internal Audit has undertaken other work in a number of areas. These included:

- Sundry Income write offs over £5k
- Purchasing Card Year End Transactions
- Spending Money Wisely Ideas – September 2013 referrals to Directorates (Cross Cutting)

- Spending Money Wisely Ideas – October 2013 referrals to Strategy and Resources Directorate
- Off Contract Spend – System Review Programme
- Improving the efficiency within the creditors process
- Parking Permits

Internal Audit has continued to provide advice on a wide range of issues including interpretation of Contract Procedure Rules and Financial Procedure Rules, and on risks and controls within individual systems or processes. Internal Audit provides clear, risk based recommendations with a view to reducing bureaucracy whilst still maintaining a robust control environment. There have been 28 such requests for advice during the year.

## 2.4 Summary of Completed Audit Reviews

***This section provides a summary of all reports issued since 23rd May 2013. Audit reviews completed from 1<sup>st</sup> April 2013 to 22<sup>nd</sup> May 2013 were reported in the Internal Audit Annual Report for 2012/13. All reviews up to 28<sup>th</sup> February 2014 where the audit opinion was limited for either the control environment or compliance with procedures have already been highlighted to CG&AC in the internal audit update reports throughout the year. There have been no reports issued with this opinion in the period 1<sup>st</sup> March to 31<sup>st</sup> May 2014.***

Further reviews in each area where limited assurance has been provided are scheduled to be completed to ensure recommendations have been adopted and suggested controls are working well in practice.

Report Title	Audit Opinion			Directorate	Date Issued
	Control Environment	Compliance	Organisational Impact		
<b>Key Financial Systems</b>					
West Yorkshire Pension Fund 2012/13 – Year End Returns	Substantial		N/A	Strategy and Resources	29/05/2013
Sundry Income - charges for meals for Fulfilling Lives sites	N/A	Good	N/A	Adult Social Care	04/06/2013
Year End Reconciliation – Civica to Financial Management System (FMS)	Substantial		N/A	Strategy and Resources	04/06/2013
Daily reconciliations of Income Management System (IMS) to Financial Management System (FMS) at the year end	Substantial		N/A	Strategy and Resources	04/06/2013
Business Application Audits (Summary Report)	Substantial	Substantial	Minor	Strategy and Resources	25/07/2013
Bank Reconciliation and Cash Book	Substantial	N/A	Minor	Strategy and Resources	02/08/2013
Corporate Financial Management – Central Controls	Substantial	Substantial	Minor	Strategy and Resources	09/08/2013
Business Rates – Year End Reconciliation	Substantial		N/A	Strategy and Resources	09/08/2013

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Report Title	Audit Opinion			Directorate	Date Issued
	Control Environment	Compliance	Organisational Impact		
Council Tax – Year End Reconciliation	Substantial		N/A	Strategy and Resources	09/08/2013
Payroll Year End Reconciliations	Substantial		N/A	Strategy and Resources	23/08/2013
Creditors Module to Ledger Module (in Financial Management System) - Year End Reconciliation	Substantial		N/A	Strategy and Resources	02/09/2013
Community Care Finance	Good	Good	Minor	Adult Social Care	02/09/2013
Housing Benefit and Council Tax Benefit Year End Reconciliation	N/A	Substantial	N/A	Strategy and Resources	03/09/2013
Housing Rents Year End Reconciliation	N/A	Substantial	N/A	Strategy and Resources	10/09/2013
Capital Programme Central Controls	Good	Good	Minor	Strategy and Resources	28/10/2013
Community Care Assessments (Non-Residential)	Good	Good	Minor	Adult Social Care	02/01/2014
Central Sundry Income	Substantial	Substantial	Minor	Strategy and Resources	07/01/2014
Income Management System	Substantial	N/A	Minor	Strategy and Resources	07/01/2014
Business Rates	Substantial	N/A	Minor	Strategy and Resources	08/01/2014
Housing Benefit – Local Welfare Support Scheme (LWSS)	Good	Substantial	Minor	Citizens and Communities	09/01/2014
East Moor Children’s Centre Sundry Income	Substantial	Good	Minor	Children’s Services	14/01/2014
Housing Rents	Substantial	Substantial	Minor	Environment and Housing	14/01/2014
Highways and Transport – Permit Scheme - Sundry Income	Good	Good	Minor	City Development	05/02/2014
Community Care Finance	Good	N/A	Minor	Adult Social Care	12/03/2014
Treasury Management & Bankline	Substantial	Substantial	Minor	Strategy and Resources	12/03/2014
West Yorkshire Integrated Transport Authority Assurance	Substantial	Substantial	Minor	External	12/03/2014
Leeds Benefit service (LBS) fraud team	Substantial	N/A	Minor	Citizens and Communities	28/03/2014
Benefits - Reconciliations	Substantial	N/A	Minor	Citizens and Communities	01/04/2014
Benefits – Assessment and Payments	Substantial	Good	Minor	Citizens and Communities	01/04/2014
Council Tax	Substantial	N/A	Minor	Citizens and Communities	16/04/2014
BSC – Payroll and HR Administration	Substantial	Substantial	Minor	Strategy and Resources	24/04/2014
BSC - Central Payments Service	Substantial	Substantial	Minor	Strategy and Resources	22/05/2014
Corporate Financial Management Central Controls	Substantial	N/A	Minor	Strategy and Resources	23/05/2014

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Report Title	Audit Opinion			Directorate	Date Issued
	Control Environment	Compliance	Organisational Impact		
Civic Enterprise Central Payments System	Substantial	Good	Minor	Civic Enterprise Leeds	27/05/2014
Strategy and Resources Central Payments System	Substantial	Substantial	Minor	Strategy and Resources	27/05/2014
West Yorkshire Pension Fund Year End Returns 2013/14	Assurance provided on year end returns			Strategy and Resources	29/05/2014
<b>Spending Money Wisely</b>					
Spending Money Wisely Challenge – November 2012	N/A	Medium	N/A	Cross Cutting	30/05/2013
Spending Money Wisely Challenge – December 2012	N/A	Medium	N/A	Cross Cutting	08/07/2013
Spending Money Wisely Ideas Service – Credit Card Surcharges	A review of one suggestion made to the Spending Money Wisely Ideas service <i>‘that the authority should charge a fee for handling credit card payments to recover the processing fees incurred in handling the payments by the bank’</i> was undertaken.			Strategy and Resources	08/08/2013
Spending Money Wisely Challenge – January 2013	N/A	Medium	N/A	Cross - Cutting	12/09/2013
Spending Money Wisely Challenge – February and March 2013	N/A	Medium	N/A	Cross - Cutting	24/09/2013
<b>Procurement</b>					
Oulton Primary School Contract Review	Acceptable	Acceptable	Minor	Children’s Services	21/05/2013
Supply of Library Materials Contract Review	Acceptable	Good	Minor	City Development	13/06/2013
Children’s Services Contract Review	Acceptable	Acceptable	Minor	Children’s Services	17/06/2013
Passenger Transport Framework Contract Monitoring Review	Limited	Good	Moderate	Civic Enterprise Leeds	01/07/2013
Urban Traffic Management Contract Review	Good	Good	Minor	City Development	03/07/2013
Middleton Park Restoration Capital Audit	Good	Acceptable	Minor	Environment and Housing	03/07/2013
Learning and Development Contract	Acceptable	Acceptable	Minor	Strategy and Resources	09/09/2013
Beckett Park Refurbishment Capital Review	Good	Acceptable	Minor	Children’s Services/City Development	26/09/2013
Tender Evaluations	Acceptable	Acceptable	Minor	Strategy and Resources	29/10/2013
Capital Project Review – City Centre One Stop Refurbishment	Acceptable	Acceptable	Minor	Strategy and Resources	29/04/2014
Leeds Flood Alleviation Scheme	N/A – high level review of governance arrangements			City Development	29/04/2014
<b>Risk Based Reviews</b>					
Telecare	Acceptable	N/A	Minor	Adult Social Care	25/07/2013
Corporate Property Management (Repairs and Maintenance) – Systems and Processes Follow Up Review	Good	N/A	Minor	City Development/ Strategy and Resources	26/07/2013

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Report Title	Audit Opinion			Directorate	Date Issued
	Control Environment	Compliance	Organisational Impact		
Fairer Charging Assessments	Good	Good	Minor	Adult Social Care	01/08/2013
Leaving Care Payments	Limited	Limited	Moderate	Children's Services	09/08/2013
Client Monies – Learning Disability Community Support Service	Good	Joseph Court – Limited	Moderate	Adult Social Care	09/10/2013
		Westerton 'A' – Acceptable			
		Albert Court - Good			
Section 48 House Searches and Appointees Follow Up Review	Acceptable	Good	Minor	Adult Social Care	10/12/2013
Legal, Licensing and Registration Services – Registrars Income	Acceptable	Good	Minor	Strategy and Resources	02/01/2014
Transitions Process For Disabled Young Persons into Adulthood	Good	Good	Minor	Adult Social Care	19/03/2014
Planning Decisions	Substantial	Substantial	Minor	City Development	02/04/2014
Grants to Third Sector Organisations	Acceptable	Acceptable	Moderate	Environment and Housing	22/05/2014
Grants to Third Sector Organisations	Acceptable	Good	Minor	City Development	22/05/2014
<b>Schools</b>					
Central financial controls of local authority maintained schools	Good	N/A	Minor	Children's Services	23/05/2014
Wetherby High School 6 <sup>th</sup> form Bursary and follow up review	N/A	6 <sup>th</sup> form funding and bursary fund - Medium	Minor	Children's Services	27/05/2014
	N/A	General school audit (follow up) - Good	Minor		
<b>Housing Partnerships Assurance Framework Reviews</b>					
Housing Partnerships Lettings Self-Assessment: former ALMOs/BITMO	N/A – Review of Self-Assessment			Environment and Housing	14/06/2013
ALMO Business Centre Leeds – Payroll	Good	Good	Minor	Environment and Housing	12/07/2013
Tenancy Enforcement (Tenancy Fraud Follow up visit) – West North West Homes	N/A	Good	N/A	Environment and Housing	12/07/2013
ALMO Business Centre Leeds – Financial Management Central Controls	Acceptable	Acceptable	Minor	Environment and Housing	05/08/2013
ALMO Business Centre Leeds – Treasury Management and Bank Reconciliations	Acceptable	Acceptable	Minor	Environment and Housing	05/08/2013
Belle Isle Tenant Management Organisation – Information Governance (Freedom of Information & Data Protection Act requests)	Limited	Limited	Moderate	Environment and Housing	05/08/2013
Creditors (combined report – ALMO Business Centre Leeds, Aire Valley Homes Leeds, East North	Acceptable	Acceptable	Minor	Environment and Housing	21/08/2013

The Annual Internal Audit Report 2013/14

Report Title	Audit Opinion			Directorate	Date Issued
	Control Environment	Compliance	Organisational Impact		
East Homes Leeds, West North West Homes Leeds)					
Tenancy Fraud Shared Audit: BITMO/former Aire Valley Homes/East North East Homes	N/A – Review of Self-Assessment			Environment and Housing	01/10/2013 & 22/11/2013
Estate Environment Self-Assessment: BITMO/former ALMOs	N/A – Review of Self-Assessment			Environment and Housing	08/10/2013 & 31/10/2013
Former West North West Homes Asbestos Management	Acceptable	N/A	N/A	Environment and Housing	17/12/2013
Former West North West Homes Rent Arrears	N/A	Good	N/A	Environment and Housing	17/12/2013
Former East North East Homes Gas Servicing	Acceptable	Acceptable	N/A	Environment and Housing	14/01/2014
Former East North East Homes Payroll	Good	N/A	N/A	Environment and Housing	06/02/2014
Former West North West Homes Payroll	Good	N/A	N/A	Environment and Housing	06/02/2014
Former Aire Valley Homes Payroll	Good	N/A	N/A	Environment and Housing	06/02/2014
Former ENEHL Creditors	N/A	Acceptable	N/A	Environment & Housing	17/04/2014
Former AVHL Creditors	N/A	Acceptable	N/A	Environment & Housing	17/04/2014
Former WNWHL Creditors	N/A	Acceptable	N/A	Environment & Housing	17/04/2014

Compliance Area	Report Title	Level of Compliance Assurance	Directorate	Date Issued
<b>Compliance Reviews</b>				
Policies and Procedures	Travel and Subsistence	High	Citizens and Communities	04/06/2013
	Travel and Subsistence	Medium	Children's Services	11/06/2013
	Travel and Subsistence	Low	Adult Social Care	11/06/2013
	Managing Attendance	Medium	Adult Social Care	13/08/2013
	Overtime Payments	High	Adult Social Care	14/08/2013
	Overtime Payments	High	Environment and Housing	14/08/2013
	Overtime Payments	High	City Development	15/08/2013
	Overtime Payments – findings relating to Business Support Centre	High	Civic Enterprise Leeds	22/08/2013
	Overtime Payments	Medium	Strategy and Resources	22/08/2013
	Overtime Payments	Medium	Children's Services	12/09/2013
	Sale of Land and Property	High	City Development	27/09/2013
	Fees to Carers	Medium	Adult Social Care	24/10/2013
	Entertainments Licensing	High	Strategy and Resources	24/10/2013
	Nursery Fees	Low	Children's Services	31/10/2013
	Income from Library Fines	Medium	City Development	06/11/2013
	Performance Related Payments	High	Cross - Cutting	12/11/2013
Income from Sports Fees	High	City Development	12/11/2013	

**The Annual Internal Audit Report 2013/14**

<b>Compliance Area</b>	<b>Report Title</b>	<b>Level of Compliance Assurance</b>	<b>Directorate</b>	<b>Date Issued</b>
	Severance Payments	Medium	Strategy and Resources	05/12/2013
	Special Leave	Medium	Strategy and Resources	13/01/2014
	Asset Verification (Desirable Items)	Medium	Cross Cutting	19/03/2014
	Declaration of Interests	High	Cross Cutting	02/04/2014
Expenditure	Bought in Professional Services	High	Environment and Housing	24/10/2013
	Bought in Professional Services	High	City Development	24/10/2013
	Other Hired and Contracted Services	High	City Development	06/11/2013
	Other Hired and Contracted Services	Low	Environment and Housing	12/11/2013
	Use of External Consultants	Medium	City Development	06/01/2014
	Direct Payments	Low	Adult Social Care	30/05/2014
Income	Income from Sponsorship	High	Environment & Housing	13/12/2013
	Rents and Leases from Commercial Properties	High	City Development	14/01/2014
	Income from Markets – Kirkgate Market	Medium	City Development	08/04/2014
	Kirkgate Open Market	Low	City Development	08/04/2014
Unannounced Visits	Home Lea Home for Older Persons	Medium	Adult Social Care	03/07/2013
	Temple Newsam Golf Course	High	Environment and Housing	28/08/2013
	Radcliffe Lane Day Centre	High	Adult Social Care	27/09/2013

<b>Report Title</b>	<b>Results/Opinion</b>	<b>Directorate</b>	<b>Date Issued</b>
<b>Head of Internal Audit Assurances</b>			
Bus Operators Grant Claim period 1 <sup>st</sup> October 2012 – 31 <sup>st</sup> March 2013	Internal Audit identified errors in the figures quoted on the initial claim that were corrected during the audit. The work undertaken by Internal Audit has resulted in an increase in the claim of £12k.	Resources	18/06/2013
Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance)	To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance) Specific Grant Determination 2010 No 31/1859 have been complied with	Resources	25/06/2013
Fuel Poverty Grant	Internal Audit has reviewed the Fuel Poverty Grant Claim and carried out appropriate investigations and checks to confirm that the conditions attached to Local Authority Fund Grant Determination (2012/13) No 31/2102 have been complied with. The audit confirmed the claim had been appropriately prepared and verified the total claim to invoices and the Financial Management System (FMS.)	Environment and Housing	27/06/2013
Thorpe Primary School Voluntary Fund 2012/13	Certification of account balances.	Children's Services	16/07/2013



**The Annual Internal Audit Report 2013/14**

<b>Report Title</b>	<b>Results/Opinion</b>	<b>Directorate</b>	<b>Date Issued</b>
Shakespeare Primary School Voluntary Fund 2012/13	Certification of account balances.	Children's Services	25/07/2013
Troubled Families Programme Grant Claim 2013/14	Audit testing provided good assurance that the results and outcomes detailed on the grant claim will satisfy the DCLG requirements of reasonableness.	Children's Services	25/07/2013
Cookridge Primary School Voluntary Fund 2012/13	Certification of account balances.	Children's Services	26/07/2013
Green Deal Go Early Pilot Grant Claim for City Regions	These statements confirm in all significant respects, the conditions set out by the Secretary of State for Energy and Climate Change (SSECC) in his offer letter of the 1 <sup>st</sup> November 2012 have been complied with.	Citizens and Communities	09/08/2013
Chapel Allerton Primary School Voluntary Fund	Certification of Account Balances	Children's Services	10/09/2013
Adel St John the Baptist CE Primary School Voluntary Fund	Certification of Account Balances	Children's Services	22/10/2013
Troubled Families Grant Claim	Grant Conditions complied with	Children's Services	25/10/2013
Seacroft Grange Primary School Voluntary Fund	Certification of Account Balances	Children's Services	29/10/2013
Whitecote Primary School Voluntary Fund	Certification of Account Balances	Children's Services	21/11/2013
Holy Name Primary School Voluntary Fund	Certification of Account Balances	Children's Services	26/11/2013
Temple Moor High School Science College Voluntary Fund	Certification of Account Balances	Children's Services	28/11/2013
Building Hope Charity Accounts 2012-13	Independent Examination of 2012/13 Accounts – Satisfactory	Strategy and Resources	05/12/2013
Bus Operators Grant Claim – April to September 2013	Grant conditions complied with	Civic Enterprise Leeds	17/12/2013
Boston Spa School Voluntary Fund 2013	Certification of account balances	Children's Services	11/02/2014
Troubled Families Grant Claim	Grant conditions complied with	Children's Services	14/02/2014
SeNS Grant Claim February 2014	Grant conditions complied with	Adult Social Care	28/02/2014
Yeadon Westfield Infants School SFVS 201314	Certification of account balances	Children's Services	01/03/2014
Lord Mayor's Appeal Fund - Independent Examination of the 2012'13 Accounts	Certification of account balances	External	31/03/2014

## Section 3

## **AUDIT PERFORMANCE AND CONFORMANCE WITH PSIAS 2013/2014**

### **3.1 Review of the Year**

#### **3.1.1 Reports to the Audit Committee**

An important part of the Internal Audit service is to inform the Corporate Governance and Audit Committee about the adequacy of the Council's governance and internal control systems and an important role of the Committee is to oversee the performance of the Internal Audit Service. The table below summarises the information the Committee has received from Internal Audit during the last year.

#### **Reports from Internal Audit**

<b><i>Report</i></b>	<b><i>Purpose</i></b>
<b>Internal Audit Update Reports</b>	Provided regular summaries of the work undertaken by IA and allowed the Committee to review the performance of Internal Audit
<b>Public Sector Internal Audit Standards</b>	Informed the Committee of the new Standards and provided an assurance on compliance with these. The Committee were also requested to note the Internal Audit Quality Assurance and Improvement Programme (QAIP) as defined by the Standards.
<b>Internal Audit Charter</b>	Informed the Committee of the rationale underpinning the service, the standards it would meet, and the way it interfaces with the City Council and its partners.
<b>Update on Whistleblowing Policy and Raising Concerns Policy</b>	Consulted with the Committee on a review of the Council's policies and informed the Committee of the revisions in accordance with the changes to Public Interest Disclosure Legislation, including the opportunity to comment on the current proposals.
<b>Annual Audit Plan 2014/15</b>	Informed the Committee of the impending work programmes and provided the opportunity for comments and observations.
<b>Annual Report 2012/13</b>	Given the Committee an overview of the work undertaken by IA and gave the Head of

The Annual Internal Audit Report 2013/14

<i>Report</i>	<i>Purpose</i>
	Internal Audit Opinion in respect of the Council's overall control environment.

3.1.2 Achievement of the Annual Audit Plan 2013/14

The following table shows achievement of the Audit Plan for the period 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014.

Achievement against the Total Audit Days element of the audit plan was 88%. Coverage of financial resource risks was 96% of planned days. Resources during 2013/14 were less than was anticipated when the audit plan was completed, due to factors such as secondments, staff absence, reductions in staff working hours and staff leaving. Internal Audit managed resources to direct these towards the areas of highest risk to ensure that there was not a negative impact on the ability of the Section to provide the coverage necessary to support the Head of Internal Audit opinion on the authority's control environment.

<b>Assurance Block</b>	<b>Total Days per Audit Plan 2013/14</b>	<b>Actual Days 2013/14</b>	<b>% Completion</b>
<b><u>Financial Resource Risks</u></b>			
Spending Money Wisely	695	674	97%
Anti-Fraud and Corruption	600	897	149%
Financial and Other Key Systems	810	800	99%
Head of Audit Assurances	65	80	123%
Compliance	504	417	83%
Procurement, Performance and Improvement	375	294	78%
Risk Based Audits	345	237	69%
ICT	350	190	54%
<b>Total Financial Resource Risks</b>	<b>3,744</b>	<b>3,588</b>	<b>96%</b>
<b><u>Strategic Risks</u></b>			
Compliance	97	80	83%
Policies and Procedures	38	22	58%
Risk Based Audits	40	0	0%
ICT	55	0	0%
<b>Total Strategic Risks</b>	<b>230</b>	<b>103</b>	<b>45%</b>
<b><u>Continuing Development</u></b>			
Professional Liaison	28	10	36%
Training and CPD	305	114	37%
<b>Total Continuing Development</b>	<b>333</b>	<b>124</b>	<b>37%</b>
<b><u>Contingency</u></b>			
General Contingency	280	241	86%
<b>Total Contingency</b>	<b>280</b>	<b>241</b>	<b>86%</b>
<b>Total Audit Days</b>	<b>4,587</b>	<b>4,056</b>	<b>88%</b>

In addition, the audit plan for 2013/14 included days for the following:

Assurance Block	Total Days per Audit Plan 2013/14	Actual Days 2013/14	% Completion
External	634	728	115%
Secondments	506	765	151%
<b>Total Days</b>	<b>1,140</b>	<b>1,493</b>	<b>131%</b>

### 3.2 Ensuring Quality

#### 3.2.1 [Customer Feedback](#)

Internal Audit is committed to delivering a quality product to the highest professional standards that adds value to our customers and actively monitors performance in a number of areas and encourages feedback from customers.

A customer satisfaction questionnaire (CSQ) is issued with every audit report. The questionnaires ask for the auditees opinion on a range of issues with an assessment ranging from 5 (for excellent) to 1 (for poor). The results – as shown in the table below - are based on the percentage of those assessments that are 3 (satisfactory) or above. The results are used to determine areas for improvement and inform the continuing personal development training programme for Internal Audit staff. The results are also benchmarked with other core cities who have adopted the same questionnaire. The table below also shows the percentage scores of 4 or above (good and excellent) to further identify marginal areas for improvement.

#### [Results from Customer Satisfaction Questionnaires](#)

Question	Actual 2012/13 % Score 3 or above	Actual 2012/13 % Score 4 or above	Actual 2013/14 % Score 3 or above	Actual 2013/14 % Score 4 or above
Notice	100	95	94	91
Scope	98	88	94	91
Understanding	98	80	100	94
Efficiency	95	95	100	91
Consultation	100	93	100	94
Professional/Objective	100	93	100	100
Accuracy of Draft	95	80	100	100
Opportunity to comment	100	100	100	97
Clarity & Conciseness	100	100	100	91
Final Report – Prompt	98	78	100	94

Question	Actual	Actual	Actual	Actual
	2012/13	2012/13	2013/14	2013/14
	%	%	%	%
	Score 3 or above	Score 4 or above	Score 3 or above	Score 4 or above
Recommendations	100	88	100	94
Added Value	100	88	100	94

Feedback from customer satisfaction questionnaires continues to be very positive. These results are again extremely encouraging, particularly as the nature and complexity of work undertaken by Internal Audit continues to change. The results for 2013/14 show improvements in a number of areas. It is particularly pleasing to note the improvement in client's perception of the professionalism and objectivity of the Internal Audit team – with all clients who responded scoring the auditor as good or very good in this area. In addition, there have been improvements in the feedback from clients in relation to the accuracy of the draft audit report (increasing from 80% to 100% rating this as very good or good) and the timeliness of issue of the final report (increasing from 78% to 94% rating this as very good or good.)

Internal audit has been part of the core cities benchmarking club for over ten years – consistently being a high performer across a whole range of key cost and quality measures. Examples include cost per audit day and percentage of productive time as well as customer questionnaires and perceptions of added value.

### 3.2.2 Conformance with Public Sector Internal Audit Standards (PSIAS)

The Internal Audit Service works to a Charter approved by the Audit Committee. This Charter governs the work undertaken by the service, the standards it adopts and the way it interfaces with the Council. Internal Audit colleagues are required to adhere to the code of ethics, standards and guidelines of their relevant professional institutes and the relevant professional auditing standards. It has adopted, and substantially complied with the principles contained within the PSIAS, and has fulfilled the requirements of the Account and Audit Regulations 2011.

The Committee were presented with a report during November 2013 which included a self review against the PSIAS. The purpose of this was to inform members of the new standards, to provide an assurance on compliance with these, to seek approval for the Internal Audit Charter and to note the Internal Audit Quality Assurance and Improvement Programme (QAIP) as defined by the Standards. This concluded that, on the whole, Internal Audit complies with the standards, whilst recognising that a number of new requirements had been introduced (including the Internal Audit Charter and the QAIP.)

The self review against the Standards identified two areas for which there is no associated action and by which Internal Audit are proposing to accept the residual risk. This is because after close analysis of the requirement and a review of current controls already in place

relating to the requirement, the implementation of an action to meet the requirement would be unworkable and disproportionate. Existing controls in place are sufficient and operating well. The two areas of non-compliance are:

- The Head of Internal Audit does not undertake, countersign, contribute feedback to or review the performance appraisal of the Head of Internal Audit.
- Feedback is not sought from the Chair of the Corporate Governance and Audit Committee for the Head of Internal Audit's performance appraisal.

The two areas of non-compliance have been assessed as having a low residual risk and based on discussions with other Internal Audit teams, these two areas of non-compliance are replicated in numerous other local authorities throughout the country.

Therefore overall, the Internal Audit activity within LCC conforms with the International Standards for the Professional Practice of Internal Auditing.

### 3.2.3 Quality Standard Accreditation

All Internal Audit work is undertaken in accordance with internal quality procedures incorporated in its quality management system, which has now been ISO accredited for over fifteen years, having first been awarded in 1998. During December 2013, an independent review was undertaken of Internal Audit's quality system to ensure compliance with the ISO 9001:2008 standard. The review team conducted a process-based audit, focusing on significant aspects/ risks/ objectives required by the standard and concluded that:

*"..... the organisation has established and maintained its management system in line with the requirements of the standard and demonstrated the ability of the system to systematically achieve agreed requirements for products and services within the scope and the organisations' policy and objectives."*

The next review visit is due in July 2014.

### 3.2.4 Continuing Professional Development

In a rapidly changing environment it is important that all Internal Auditors are kept abreast of the latest audit and accounting methodologies, changes in legislation and best practice as well as changes to the public sector arena so they have the necessary skills and knowledge to perform their role to a high standard. This is done via Continuing Professional Development (CPD), which the Section continues to support and promote via in-house training courses and external CPD events such as CIPFA seminars. Much of this CPD is done in officers own time showing a personal commitment to continual improvement of the Team.

The Public Sector Internal Audit Standards (Standard 1230) require that: *'Internal Auditors must enhance their knowledge, skills and other competencies through continuing*

*professional development.* At Leeds, evidence of professional training and development activities must be retained and individual/group training needs identified.

Internal Audit has continued to provide support for other corporate priorities which over the last year has seen 2 staff secondments to external partner organisations, one member of staff assisting with closedown within Financial Services and another member of staff assisting on waste management projects within Environment and Housing. In addition, the Section has provided a representative to support the Strategy and Resources Staff engagement group. As well as supporting corporate priorities, this has also assisted individual members of staff with their own personal and professional development.

### 3.2.5 [Whistleblowing](#)

The Council's Whistleblowing Policy and Raising Concerns Policy set out the means by which serious concerns can be brought to the attention of Internal Audit.

The Whistleblowing Policy is available on the intranet and encourages Council employees and Members, who have serious concerns about any aspect of the Council's work, to come forward and voice those concerns without fear of reprisal.

The Raising Concerns Policy is published on the Council website and offers guidance to members of the public that may have concerns around aspects of the Council's work.

The promotion and accessibility of these policies helps the Council to be responsive to emerging risks that are identified.

Internal Audit continues to act as the custodians of these policies. In 2013/14, Internal Audit received a total of 88 potential irregularity referrals (79 in 2012/13). Of these, 64 were classified under the remit of the Whistleblowing or Raising Concerns policies (53 in 2012/13). All reported irregularities were risk assessed by Internal Audit and investigated by Internal Audit, the relevant directorate or HR colleagues, as appropriate. Where the matter was referred to directorates or HR for investigation, Internal Audit has made follow up enquiries to ensure all aspects of the referral have been addressed.

Whistleblowing in respect of housing and council tax benefit is dealt with separately and is therefore not included in the above figures.

Details of reports issued in this area have been included in the regular update reports to the Corporate Governance and Audit Committee.

The following action was taken in response to the Whistleblowing / Raising Concerns referrals:

Action Taken	Number of Referrals
Investigated by Internal Audit	28
Referred to the relevant Directorate/Service	36
<b>Total</b>	<b>64</b>

Action taken on referrals not classified under the remit of the Whistleblowing or Raising Concerns policies:

Action Taken	Number
Advice given on controls	10
Covered by another Council policy / service	7
Referred to Police or other body as outside remit of the Council	4
Already investigated as part of wider audit coverage	1
Named person no longer employee of LCC	2
<b>Total</b>	<b>24</b>

### 3.2.6 [Proactive Fraud](#)

Internal Audit is committed to taking a proactive approach in tackling fraud. During the year, Internal Audit has used various data analytics tools and techniques to proactively identify fraud and error, as recommended in the latest Audit Commission Protecting the Public Purse publication.

The proactive fraud work undertaken during the year was successful in identifying fraudulent creditor payments at a partner organisation. Progress on this case has been highlighted to this committee during the course of the year. Internal Audit is continuing to support the work of both the police and the designated Investigating Officer towards the conclusion of this matter.

### 3.3 Progress against 2014/15 Internal Audit Plan

A number of audit reports have been issued during the first quarter. Those which relate to the 2013/14 financial year have been included in this Annual Report. Those relating to the 2014/15 financial year will be reported in the next Internal Audit update report to the Committee.

Progress against the Audit Plan for 2014/15 is in line with this expected achievement at this point in the year. Actual achievement of the total audit days element of the Audit Plan at 16% against an anticipated level of achievement (for the 2 month period ended 31<sup>st</sup> May 2014) of 17%.

There are no issues identified by Internal Audit during the period 1<sup>st</sup> April 2014 to the 31<sup>st</sup> May 2014 that would necessitate direct intervention by the Committee.





Report author: P Garnett  
Tel: (0113) 395 1632

**Report of City Solicitor**

**Report to Corporate Governance and Audit Committee**

**Date: 11<sup>th</sup> July 2014**

**Subject: Work Programme**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**1 Purpose of this report**

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

**2 Background information**

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

**3 Main issues**

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

3.2 The draft work programme is attached at Appendix 1

**4 Corporate Considerations**

**4.1 Consultation and Engagement**

4.1.1 This report consults seeks Members views on the content of the work programme of the Committee, so that it might meet the responsibilities set out in the committee's terms of reference.

## **4.2 Equality and Diversity / Cohesion and Integration**

4.2.1 There are no equality and diversity or cohesion and integration issues arising from this report.

## **4.3 Council Policies and City Priorities**

4.3.1 The work programme provides a balanced number of reports and assurances upon which the committee can assess the adequacy of the council's corporate governance arrangements.

## **4.4 Resources and Value for Money**

4.4.1 It is in the best interests of the Council to have sound control arrangements in place to ensure effective use of resources, these should be regularly reviewed and monitored as such the work programme directly contributes to this.

## **4.5 Legal Implications, Access to Information and Call In**

4.5.1 This report is not an executive function and is not subject to call in.

## **4.6 Risk Management**

4.6.1 By the Committee being assured that effective controls are in place throughout the Council the work programme promotes the management of risk at the Council.

4.6.2 The work programme adopts a risk based approach to the significant governance arrangements of the Council.

## **5 Conclusions**

5.1 The work programme of the Committee should be reviewed regularly and be updated appropriately in line with the risks currently facing the Council.

## **6 Recommendations**

6.1 Members are asked to consider and approve the work programme set out at appendix 1.

**CORPORATE GOVERNANCE AND AUDIT COMMITTEE  
WORK PROGRAMME**

<b>19<sup>th</sup> September 2014</b>		
KPMG – Report to Those Charged With Governance	To receive a report giving the opinion on the financial statements, value for money conclusion and audit certificate.	Chief Officer (Financial Management) Doug Meeson
Approval of LCC Accounts	To receive a report requesting approval of the LCC Accounts	Chief Officer (Financial Management) Doug Meeson
Annual Governance Statement	To receive and approve the Annual Governance Statement	Head of Governance Services Andy Hodson
Internal Audit Update Report	To receive the Internal Audit update report	Chief Officer (Audit and Investment) Tim Pouncey
Local Government Ombudsman's Annual Letter	To receive the annual letter from the Local Government Ombudsman	Chief Officer (Customer Access) Lee Hemsworth
Annual Decision Making Report (Including Licensing / Planning)	To receive a report presenting the outcome of the monitoring process relating to decisions taken at the Council	Head of Governance Services Andy Hodson
Whistleblowing Policy	To receive a report presenting the final version of the whistleblowing policy	Chief Officer (Audit and Investment) Tim Pouncey
Annual Financial Management Report (Incorporating Capital)	To receive the annual report reviewing the Financial Planning and Management Arrangements at the Council	Chief Officer (Financial Management) Doug Meeson

## CORPORATE GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME

<b>7<sup>th</sup> November 2014</b>		
Internal Audit Update Report	To receive the Internal Audit update report	Chief Officer (Audit and Investment) Tim Pouncey
Calderdale Shared Services	To receive a report updating the Committee on the implementation of the Calderdale Shared Services system for Adult Social Care	Chief Officer (Resources and Strategy)
<b>28<sup>th</sup> January 2015</b>		
KPMG – Annual Audit Letter – including opinion	To receive a report certifying grants and returns and to consider the Audit Fee letter.	Chief Officer (Financial Management) Doug Meeson
KPMG – Certification of Grant Claims and Returns	To receive a report certifying grants and returns and to consider the Audit Fee letter.	Chief Officer (Financial Management) Doug Meeson
KPMG – Approval of External Audit Plan	To receive a report requesting approval of the external audit plan	Chief Officer (Financial Management) Doug Meeson
Internal Audit Update Report	To receive the Internal Audit quarterly report	Chief Officer (Audit and Investment) Tim Pouncey
Treasury Management Annual Report	To receive the annually Treasury Management Report providing assurance on the processes used by the department	Chief Officer (Audit and Investment) Tim Pouncey
<b>20<sup>th</sup> March 2015</b>		

## CORPORATE GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME

Internal Audit Plan	To receive a report informing the Committee of the Internal Audit Plan for 2013/14	Chief Officer (Audit and Investment) Tim Pouncey
Internal Audit Update Report	To receive the Internal Audit quarterly report	Chief Officer (Audit and Investment) Tim Pouncey
Information Security Annual Report	To receive a report on the Council's Information Security arrangements.	Chief Corporate Support Officer Mariana Pexton
Annual Business Continuity Report	To receive the annual report reviewing the Councils Business Continuity planning.	Chief Corporate Support Officer Mariana Pexton
Annual Report of the Committee	To receive the Annual report of the Committee reviewing the work completed over the last year	Head of Governance Services Andy Hodson
<b>Unscheduled Items</b>		

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