

## **Corporate Governance and Audit Committee**

**Monday, 16th March, 2020**

**PRESENT:** Councillor A Scopes in the Chair  
Councillors J Bentley, P Harrand,  
J Illingworth, P Grahame, M Harrison,  
J Taylor and B Garner

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

There were no appeals against the refusal of inspection of documents

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

There were no items identified where it was considered necessary to exclude the press or public from the meeting due to the confidential nature of the business to be considered.

### **61 Late Items**

There were no Late Items identified

### **62 Declaration of Disclosable Pecuniary and Other Interests'**

There were no declarations of disclosable pecuniary interest made at the meeting

### **63 Apologies for Absence**

Apologies for absence were received from Councillor P Truswell.

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

**RESOLVED** – That the minutes of the previous meeting held on 27<sup>th</sup> January 2020 were accepted as a true and correct record.

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

The Deputy Head of Democratic Services reported on the following Matters Arising:

Minute No. 38 – Corporate Performance Management - Performance Management details re-circulated 28<sup>th</sup> January 2020

Minutes No.39 – Social Value in Procurement Scrutiny Board (Strategy & Resources) 20<sup>th</sup> January 2020\_ Minute circulated 5<sup>th</sup> February 2020.

Minutes No. 40 – Planning Governance - Guidance on the referral process circulated 2<sup>nd</sup> March for comment

Minute No.52 – Government response to PWLB letter circulated 26<sup>th</sup> February 2020.

Minute No. 53 – Access Project Update - Project timetable included in update report on this agenda (16<sup>th</sup> March 2020)

Minute No. 54 - Customer Contact and Satisfaction - Ombudsman complaint details circulated 18<sup>th</sup> February 2020

Minute No.55 – Gareth Mills (Grant Thornton) to provide brief verbal update at this meeting (16<sup>th</sup> March 2020)

Minute No.57 – Work Programme amended – Revised programme included on agenda for this meeting (16<sup>th</sup> March 2020)

## **66 Applications Portfolio Programme - Update on Access Project**

The Chair welcomed Neil Evans, Director of Resources and Housing to the meeting.

Addressing the report, the Director expressed his appreciation to the work of this Committee in escalating the Access 2003 replacement project. Members were reminded that in excess of 66,000 individual vulnerabilities to Public Sector Network compliance had been revealed by an IT Health Check, but that this number had been reduced to 595 individual vulnerabilities enabling re-instatement of the Council's PSN certificate, and that the service was continually updating to ensure compliance. All officers were now fully aware of the need to eradicate the Microsoft (MS) Access 2003 from the LCC network to enable the authority to maintain its current PSN Compliance Certificate. It was suggested that a shortage of expertise within the IT market had resulted in insufficient resources available to undertake the necessary works. It was reported that since the last meeting two additional developers had been assigned to the project together with the transfer of other internal resources.

Members expressed the view that only through the intervention of this Committee had the project been escalated. Assurance was required from the Corporate Leadership Team (CLT) that sufficient monitoring was in place to stop the creation of none-compliant databases.

The Director of Resources and Housing said any blockages to compliance need to be escalated and not simply "lived with". Everyone needs to understand the importance of compliance, and that old / none-compliant kit

could no longer be used. In respect of the creation of new databases, it was confirmed that no new databases had been created.

The Chair asked if an IT strategy could be carried out possibly linked with Human Resources (HR) and Internal Audit.

The Director of Resources and Housing undertook to work with colleagues in Digital and Information Services (DIS) and Internal Audit (and potentially HR) to look at ways of supporting the work being undertaken to address the issue of C Drive storage.

The Chair thanked the Director of Resources and Housing for his attendance and contributions. He said compliance was a very important issue and must be prioritised accordingly

**RESOLVED** – That the contents of the report be noted and to support the actions identified

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

The Director of Resources and Housing and the Director of Adults and Health submitted the Annual Information Governance report setting out assurance in respect of the effectiveness of the Council's information management and governance arrangements: that they are up to date, fit for purpose, effectively communicated and routinely complied with.

The report also provides assurance around the systems and processes in place to support the role of the Caldicott Guardian.

Referring to access to historical children's social care records by the individual who was in care, Members asked who had authority to release such information.

Members were informed that the GDPR Practitioner in consultation with the Leeds Social Worker would have the authority to release the requested information. If the request was for employment records, the HR Business partner would be consulted.

Members asked if there was any independent oversight of these decisions.

Members were informed that if a request for information was turned down, an individual could seek redress through the Council's Corporate Complaints Procedure (Stages 1 & 2) requiring review by a Chief Officer/ Senior Officer from another LCC Directorate. Further appeal then lay to the Information Commissioner.

Members sought assurances around the security protocols in place for data sharing, information held at a Care Home, for example.

It was reported that LCC Officers involved in data sharing are expected to follow the necessary guidance/ policies and ensure they have the appropriate security software. Care homes are expected to complete the Data Security and Protection Toolkit, and funding has been secured to assist smaller care homes to put policies and processes in place where they do not have sufficient skills or resources to do so.

Commenting on Freedom of Information/ Environmental Information Regulation requests, Members noted there was a significant backlog and future projected figures was a concern.

In responding the Director of Resources and Housing said FOI requests were incredibly time consuming to fulfil the obligations, often the information being sought was readily available and could be provided without the need to go through the FOI process, however four additional staff were being recruited. In addition the Council had a public access strategy to point people in the right direction.

Members noted the benchmarking work that had been undertaken in respect of the Caldicott Guardian role and asked that future reports provide information on the learning achieved; work done and progress made.

#### **RESOLVED –**

- (i) That the contents of the report be noted
- (ii) To note the assurance provided as to the Council's approach to information management governance

#### **68 Internal Audit Update Report January to February 2020**

The Chief Finance Officer submitted a report which provided a summary of the Internal Audit activity for the period January to February 2020 and to highlight any significant failings or weaknesses.

The Head of Audit said 11 audit reviews had been finalised within the reporting period resulting in 3 follow up reviews: ICT Projects – Benefits Realisation, In-House Fostering, Special Guardianship and Leaving Care and Commercial Rents. There were no RIPA intervention issues.

On the issue of Procurement, Members queried what percentage of procurement was undertaken by waivers.

Members were informed that an update would be provided at the next meeting but it was understood there were now stronger controls in place and consequently the use of waivers had significantly decreased, however there was a need to check if a waiver was applicable.

Members asked that the update report include details of the number of waivers undertaken by reference to the overall percentage of procurement activity, and the total value of waiver decisions.

Officers confirmed the requested information would be included.

Although not referred to in the submitted report one Member raised the issue of Viability Assessments Reports. The Head of Internal Audit undertook to consider how best to address the matter.

#### **RESOLVED –**

- (i) To receive the Internal Audit Update Report covering the period from January to February 2020 and note the work undertaken by Internal Audit during the period covered by the report.
- (ii) To note that there have been no limitations in scope and nothing has arisen to compromise the independence of Internal Audit during the reporting period.
- (iii) To note the information provided by the Head of Service (Legal) confirming there has been no recent use of the Council's surveillance powers under RIPA

#### **69 Internal Audit Plan 2020-21**

The Chief Finance Officer submitted a report which presented the proposed Internal Audit Plan for 2020 – 21 for review and approval.

The report also included a summary of the basis for the plan which had been developed in consultation with senior management.

Referring to paragraph 3.3 of the submitted report, Members noted there were more Full Time Employees (FTW) 16.78 in the Internal Audit team compared to 16.14 FTEs for the 2019/20 period. Members queried if this number was sufficient to complete the plan for 2020-21 and how did these numbers compare with other Core Cities.

The Head of Internal Audit said other Core Cities were currently in the process of agreeing audit plans and budgets for the coming year, and as such benchmarking data around planned activity for 2020-21 was not yet available. There was a large number of qualified auditors in Leeds and there was strength in depth and it was considered there were sufficient resources available to complete the Internal Audit Plan 2020-21.

Within the new plan Members noted that 100 audit days had been allocated to "Follow Up and General Contingency" and queried how this time would be allocated.

Members were informed that known follow up reviews were already included in the plan and that this figure provided time to enable additional reviews to be undertaken, and for follow up work that had not yet been identified.

**RESOLVED** – That the Internal Audit Plan for 2020 – 21 be approved

**70 Annual Assurance Report on the Financial Management and Control Arrangements and Compliance with the Chief Finance Officer Protocol**

The Chief Officer Financial Services submitted a report which sought to assure this Committee that the Council had in place appropriate systems and procedures to ensure that there is sound financial management and control across the Authority.

Members were informed that the Council had established an effective financial control environment and specifically robust arrangements for strategic financial planning combined with effective financial management and control.

With reference to paragraph 3.1.6 Members sought confirmation that the Chief Officer Financial Services had appointed a deputy and that as well as keeping briefed on any relevant issues that they may be required to deal with in the absence of the Section 151 Officer, deputy finance officer, Richard Ellis, should be named in next year's statement.

Members were informed that the necessary arrangements were in place and that the deputy finance officer would be named in the report next year.

Members also sought confirmation that the Chief Officer Financial Services would meet regularly with the Head of Paid Service and the Monitoring Officer to consider and recommend action in connection with Corporate Governance issues and other matters of concern regarding any legal, ethical standards, probity, propriety, procedural or other constitutional issues that are likely to do or arise. Members queried how many times in the past 12 months had such issues been discussed.

Members were informed that the requested information was not readily available, enquiries would be made and reported back to Members.

With reference to paragraph 3.2.3 of the submitted report and the reduction in business rate income resulting in a deficit on the collection fund, Members queried the level of provision for business rate appeals and details as to the allocation of the budgeted increase in staffing across directorates

Members were informed that the value of provision was between £17- 20m; and that additional posts were allocated 41 to Adults and Health, 135 to Children and Families, 52 to City Development, 67 to Communities and Environment and 54 to Resources and Housing. Of this increase of 349, 270 were funded and therefore don't impact upon the net revenue budget.

Members asked what preparations had been made for implementation of the Financial Management Code referred to in paragraph 3.6.13.

Members were informed that a review of the financial management framework was ongoing and that the Code would be implemented in the next 12 months.

#### **RESOLVED –**

- (i) To note the assurances of the Chief Officer Financial Services that the appropriate systems and procedures are in place to ensure that the Council delivers sound financial management and control across the authority.
- (ii) To note that the arrangements set out in the Chief Financial Officer protocol, as referred to in Section 5K of the Council's Constitution had been complied with

### **71 Annual Treasury Management Governance Report**

The Chief Officer Financial Services submitted a report which presented the Annual Treasury Management Governance Report which outlines the governance framework for the management of the Council's Treasury Management function.

The Chair invited Gareth Mills (Grant Thornton) to address Committee and provide an update on the 2019/20 audit plan.

Mr Mills said he was pleased with the interim audit work carried out so far, representatives from Grant Thornton had met with the necessary officers from the authority. It was reported that a key member of the Grant Thornton team would be shortly leaving the company, a new replacement auditor had been identified and would assume their new role shortly. There was a potential risk that in view of the circumstances the audit opinion may not be available by 31<sup>st</sup> July, currently discussions were ongoing with other organisations with a view to delaying other audit work.

The Chair asked if some assurance could be provided that the audit work for this authority was being prioritised.

Mr Mills said it must be acknowledged that there is a shortage of qualified auditors across the Country. A replacement auditor has been identified who has other audit commitments but Grant Thornton are seeking to provide the best opportunity to achieve 31<sup>st</sup> July deadline, however, this may all change as audits get put back due to the coronavirus. In such circumstance a brief paragraph for publication explaining the delay would be agreed, to confirm that work was ongoing.

Members asked if there were any contract/ completion date implications for Grant Thornton

Mr Mills said there were no contract/ date implications, and an opinion on the accounts could only be provided once he had obtained reasonable assurance that they presented a true and fair view.

Members asked if Grant Thornton had sufficient staff to achieve contract.

Mr Mills said there was not enough public sector auditors to deliver 500 local government audits by 31<sup>st</sup> July. A number of audits across the North of England had been delayed, but Leeds was not one of them.

**RESOLVED** - To note that Treasury Management continues to adhere to its governance framework including the CIPFA Code of Practice, the Prudential Codes 2017 and revised CIPFA guidance notes issued in 2018. All borrowing and investments undertaken had been compliant with the governance framework.

## **72 Draft Annual Report of the Committee**

The City Solicitor submitted a report which presented the draft annual report reflecting the work of the Committee in the 2019/20 Municipal year and sought the view of Members as to whether any additional commentary was required.

**RESOLVED –**

- (i) That the draft Annual Report for 2019/20 as set out at Appendix 1 of the submitted report be approved
- (ii) That the report be referred to Full Council for consideration.

## **73 Work Programme 2020/21**

With reference to the previous meeting and the decision to review the Work Programme with a view to reducing the number of items for the next meeting and to consider a possible additional meeting of the Committee.

The Deputy Head of Democratic Services reported that a review of the Work Programme had been undertaken and a revised Work Programme was submitted for Member's consideration.

**RESOLVED –** That the revised Work Programme for 2020 be approved

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

**RESOLVED –** To note that the next meeting will take place on Monday, 29<sup>th</sup> June 2020 at 10.00am in the Civic Hall, Leeds.