

Corporate Governance and Audit Committee

Friday, 23rd November, 2018

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

30 Appeals Against Refusal of Inspection of Documents

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

31 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.

32 Late Items

There were no late items of business identified.

33 Declaration of Disclosable Pecuniary and Other Interests'

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

34 Apologies for Absence

Apologies for absence were received from Councillors: J Illingworth and P Truswell.

35 Minutes of the Previous Meeting

RESOLVED – That the minutes of the previous meeting held on 30th July 2018 were accepted as a true and correct record.

36 Matters Arising from the Minutes

The Head of Governance and Scrutiny Support reported that information requested by the Committee had been circulated to Members following the meeting in July;

- Minute 22 point 5 on page 2 Further information was circulated on the Ethical Landlord Policy and examples of Community Asset Transfer to all Members by email on the 16th August 2018

- Minute 23 Resolution 2 on page 4 concerning the PSN recertification process was circulated to all Members on the 30th October.
- Minute 25 – in respect to the protective claim referred to on page 6, should Members wish, Finance colleagues will be able to provide an update on this matter – however given the present status of the claim, this will need to be without the press and public present – I suggest that this be at the conclusion of today’s formal business.
- Again in relation to Minute 25 - Resolution 5 on page 6 – the outstanding Elector Objection is referenced in the report to committee at Item 11
- Minute 26 – Resolution 3 on 8 is responded to the report of the Head of Internal Audit at Item 13
- Minute 28 – Members are asked to note that the committee’s resolution to request a report on Password policies is now scheduled for the proposed additional meeting of the committee in January 2019 – Minute No. 45 refers.

37 Applications Portfolio Programme - Update on Access Project

The Director of Resources and Housing submitted a report which provided an update on the current position on Access databases and compliance to PSN.

Members considered the progress made so far in addressing the Access 2003 Databases that had been identified by the Cabinet Office as a risk requiring resolution by authority. Members were informed that of 304 databases having been identified that were a concern;

- 141 belong to cities and communities functions
- 82 related to Shared Services and housing functions
- 10 are associated with adult’s and children’s services functions
- The remaining 71 are yet to have an ‘owner’ identified – additional analysis is taking place to ascertain which service areas own that data.

In order to establish the nature of the databases in scope the Head of Information Management and Governance advised that a questionnaire had been issued to directorates. Members were informed that 76 responses had been received and from those returns 4 data bases had been identified that relate to services to vulnerable service users – these would be a priority focus for the project.

Members were concerned that whilst there appeared to be a project plan for risks associated with Access 2003 databases to be resolved by December

2019, prior to this, in June 2019, there would be a further PSN Certification Annual review; if sufficient progress had not been made this may be a risk factor to the authority in retaining PSN Certification.

Members also sought assurance with regard to the sufficiency of resources available to carry out the work required.

Officers had confirmed that the backstop position for the databases concerned was for the data to be 'lifted and dropped' onto compliant operating systems.

Members also noted the further remediation steps were necessary in relation to cloud security principles and that ongoing work was being undertaken with suppliers.

RESOLVED

- (i) To note the assurances provided to date
- (ii) That regular updates on progress be brought to future meetings of this Committee.
- (iii) That the Chair, on behalf of the Committee be requested write to the Director of Resources and Housing with a request that he highlights the importance of engagement of directorates with the work being undertaken to mitigate the risks associated with Access 2003 databases.

38 Customer Contact and Satisfaction

The Chief Officer, Customer Access and Welfare submitted a report which provided a response to the queries raised at the meeting held in January 2018. The report also delivered an update on customer contact and customer satisfaction with Council services.

An update on progress on the recommendations from the 2016 Review of Compliments and Complaints was provided together with information from the Local Government Ombudsman.

Members considered a range of information and data showing customer contact, satisfaction levels and compliments and complaints and noted the Chief Officer for Customer Access and Welfare's assurances that the Council's processes and procedures around customer contact and satisfaction were deemed adequate and acceptable.

Members in particular commented on:

- The increase in telephone waiting times;

- The need to ensure in transitioning to digital channels, that training and support remains a priority in order that service users are not disenfranchised from the services they need to access;
- Implications for the Services in terms of the introduction of Universal Credit and the likely need to reconfigure services to address potential growth in Rent and Council Tax issues;
- The need for future annual reports to incorporate financial settlements arising from Insurance claims;
- The steps being taken to build career pathways for apprenticeships as a method of resolving resourcing issues in the Customer Services function;
- The need for consistency in terminology used for customer satisfaction in the annual report to committee and in the Best Council Performance Report;
- The Internal Audit work currently being undertaken at Customer Services and the engagement of Corporate Governance and Audit Committee Members in that audit.

Members also noted that the number of Ombudsman enquires increased in 2017/18 and was likely to rise again in future years.

The Ombudsman however had commented that; “Over the year my investigators had noted your Council’s positive approach to complaint handling. It was very pleasing to see an example of a Council who constructively engages with us to ensure complainants are properly heard and matters resolved where appropriate.”

RESOLVED –

- (i) That the contents of the report be noted
- (ii) To support the work outlined to develop the approach further
- (iii) To recognise that the Customer Satisfaction Audit due to take place shortly would inform further development
- (iv) That future reports to this Committee should incorporate financial settlements arising from Insurance claims;

39 Annual Assurance Report on Corporate Performance Management

The Director of Resources and Housing submitted a report which sought to provide assurance on the robustness of the Council’s corporate performance management arrangements: that they are up to date, fit for purpose, effectively communicated and routinely complied with.

In noting the assurance Members queried whether the Best Council Plan Performance report presented an accurate reflection of what the Council needs to do to achieve its ambitions.

Members were informed that the Best Council plan was refreshed on a regular basis with changes made to Key Performance Indicators to ensure they properly inform the progress being made on delivering priorities.

In relation to the Annual Performance Report, Members noted that reports in respect of risk and performance would in future be reported separately with performance been reported each autumn.

RESOLVED –

- (i) That the report together with a copy of the Best Council Plan 2017/8 (as referred to at Appendix No.1) be accepted as providing key forms of assurance on the robustness of the authority's corporate performance management arrangements
- (ii) To approve that future assurance reports on both the authority's corporate performance management and risk management arrangements are supplemented by the annual reports considered by the Executive Board: on performance in delivering the Best Council Plan outcomes and priorities and on management of the most significant corporate risks respectively

40 KPMG Annual Audit Letter 2017/18 and Update on Issues Arising

The Chief Finance Officer submitted a report which presented KPMG's Annual Audit Letter and provided a summary of the key external audit findings in respect of the 2017/18 financial year. The report also provided an update on matters arising from the audit.

Members were advised that KPMG had resolved the matter in connection with the 2016/17 elector objection. The External Auditor found that the Council had acted lawfully in its use of LOBO borrowing.

Officers advised the Committee that final audit certificates had now been received for both 2016/17 and 2017/18 and that these had been added to the published Statements of Accounts for those years on the Council's website.

Officers also updated Members on the recommendations arising from Audits Undertaken by KPMG;

- In relation to the Accounts Audit - following discussions with the Council's in-house valuation team and the District Valuer, the authority would be moving to a valuation date of the 30th September – this being the latest date considered practical in terms of carrying out a valuation based on sound evidence.
- In relation to the ICT Audit – Members were advised that progress had been made in addressing the password recommendations for FMS – in addition further work was being explored to introduce Single Sign On for both FMS and SAP

RESOLVED –

- (i) To receive the Annual Audit Letter and note the conclusions and the recommendations arising from the 2017/18 external audit process
- (ii) To further note that following the conclusion of the outstanding elector objection from 2016/17, the 2016/17 and 2017/18 audits had now been formally closed by KPMG

41 Introduction to New Auditors Grant Thornton

The Chair welcomed and introduced Perminder Sethi (Engagement Senior Manager) and Chloe Edwards from Grant Thornton, the City Council's new external auditors.

Mr Sethi confirmed that Grant Thornton would be operating from their Leeds Office and that so far as could be foreseen they would be seeking to maintain consistency of the staff team during the term of the 5 year contract.

Members sought assurance that the handover between KPMG and Grant Thornton had been completed in accordance with the processes laid out by Public Sector Audit Appointments (PSAA) and that Grant Thornton were not conducting any other consultancy work for the authority.

Mr Sethi confirmed that the transition had gone smoothly with working papers being reviewed to enable Grant Thornton to rely, as a starting point, on the figures that KPMG had audited.

Members were also assured that all disclosures had been made to PSAA concerning Grant Thornton's previous engagement with the Council and that during the term of the External Audit contract with the Council any consultancy work could only be undertaken within strict rules set out by PSAA and subject to their approval.

RESOLVED – To receive and note the introductory report from Grant Thornton.

42 Internal Audit Update Report June to October 2018

The Chief Finance Officer submitted a report which provided a summary of the Internal Audit activity for the period June to October 2018 and to highlight any significant failings or weaknesses.

The report also presented the options available to supplement the five yearly external assessment of the Internal Audit Function against the Public Sector Internal Audit Standards.

In considering the report Members sought further assurance about resources available to the Head of Internal Audit to complete the audit plan and whether

the reported reduction in staff will have an impact on the Audit Plan for next year.

The Head of Internal Audit confirmed that there will be sufficient resources to enable her to issue an evidenced based opinion for 2018/19 and to formulate a robust Internal Audit Plan for 2019/20.

Members queried the use of 'Memo issued' terminology in the update report.

The Head of Internal Audit confirmed that this was used where the Internal Audit team were keeping a watching brief on an issue or that the amount of audit coverage undertaken was not sufficient to enable an evidence based opinion to be provided

Members raised specific queries in respect to the In-House Fostering, Special Guardianship and Leaving Care Payments Follow Up Audit.

The Head of Internal Audit confirmed that whilst progress had been made by Children and Families there remained some aspects of the agreed action plan that had not been progressed and it was for this reason that the assurance opinion had not yet increased.

Members welcomed and noted the recommendations arising from the Use of Resources Audit report to committee in September 2017 had been progressed. It was the Committee's view that the acceptable use policy and the training associated with it be applicable to Elected Members as well as Officers.

Discussion took place in relation to the frequency of the external review of Internal Audit against the Public Sector Internal Audit Standards. In noting that the standards require that this be undertaken no less than every 5 years (with the last undertaken in Leeds in 2016), Members considered the arrangements for the next external assessment.

Members were supportive of the suggestion that the next external assessment should take the form of a self-assessment undertaken by Internal Audit with this being validated by an independent third party.

Members noted that the return of individual audit questionnaires provided a source of opinion on the Internal Audit teams work. In reviewing this it was noted that there had been a reduction in the proportion of questionnaires being returned at the conclusion of audits.

RESOLVED –

- (i) To receive the Internal Audit Update Report covering the period from June to October 2018 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) In relation to the 5 yearly external assessment of the Internal Audit function required by the Public Sector Internal Audit Standards, that the next external assessment to take the form of a self-assessment undertaken by Internal Audit with this being validated by an independent third party.
- (iv) To support of the suggestion made by the Head of Internal Audit that she writes on an annual basis to receive an opinion from Directors in relation to Internal Audit's work.
- (v) That the Chair, on behalf of the Committee be requested write to the Director of Resources and Housing to seek his support in ensuring individual audit questionnaires were routinely completed

43 Children and Families - Decision Administration

The Director of Children and Families submitted a report which provided an update on Children and Families decision making arrangements following consideration of the Annual Decision Making Assurance report from the City Solicitor.

Members noted the apology received from the Chief Officer Resources and Strategy and the reasons set out for the backlog in the publication of significant operational decisions.

Members were satisfied that once identified, arrangements were put in place to deal with the backlog and ensure the decisions were published.

The Chief Officer Strategy and Resources also confirmed that at no point were children at risk as the placement decisions were made in an appropriate and timely manner.

Members were further reassured that Children and Families directorate, unlike other directorates, keeps a central record of all administrative decisions that are approved and recorded on a delegated decision notification form.

RESOLVED – That the contents of the report be noted and the positive assurance that arrangements were now in place to ensure compliance with statutory and corporate requirements.

44 Procedure for Short Notice Publication of Officer Key Decision Reports

The City Solicitor submitted a report which identified a gap in the Council's Constitutional arrangements and sought the views of Members on a proposed

procedure to regularise the process for the late publication of report supporting an officer decision

Members considered the proposals as set out in paragraphs 3.6 and 3.7 of the submitted report and the comments of the Chair of the Children and Families Scrutiny Board.

In making recommendations to the General Purposes Committee Members were mindful to ensure that the proposals were proportionate and targeted to the gap in the constitutional provisions that had been identified.

RESOLVED –

- (i) That the General Purposes Committee be asked to consider recommending to full Council amendments to the Executive and decision Making Procedure Rules as follows:-
- Where a decision maker has ensured the appropriate 28 day notification of a decision, but is not in a position to publish a report 5 clear days in advance of the decision needing to be taken, then that decision may only proceed with the agreement of the relevant Executive Member that the decision is urgent and cannot reasonably be delayed until the full five days' notice have been given. Responsibility for the substantive decision will remain with the decision making officer unless, in accordance with the officer delegation scheme the Executive Member requests or the relevant Director decides that the matter should be referred to Executive Board.
 - If the relevant Executive Member is not available the decision maker may ask the Leader to provide this agreement and if the Leader is also unavailable may seek the agreement of the Deputy Leader;
 - That the circumstances as to why it has not been possible to comply with the requirement for 5 days' notice be set out in the decision report;
 - That the relevant Scrutiny Chair be advised of the circumstances;
- (ii) That Corporate Governance and Audit Committee monitor instances of these provisions being used by way of the annual assurance report to the committee on decision making.

45 Work Programme 2018/19

The Head of Governance and Scrutiny Support presented a report of the City Solicitor which set out the ongoing Work Programme for 2018/19.

In light of the amount of business to be considered it was suggested that an additional meeting of the Committee be convened for 28th January 2019 and that the following additional item be added to the Work Programme

- PSN - Applications Portfolio Programme – Update on Access project to January and future meetings of the committee

RESOLVED –

- (i) That an additional meeting of the Committee be arranged for Monday 28th January 2019 at 10.00am in the Civic Hall, Leeds.
- (ii) That with the inclusion of the above, approval be given to the draft work programme 2019 as set out in the Appendix of the submitted report.

46 Date and Time of Next Meeting

RESOLVED – To note that the next meeting will take place on Monday 28th January 2019 at 10.00am in the Civic Hall, Leeds.