

## **Corporate Governance and Audit Committee**

**Monday, 29th June, 2020**

**PRESENT:** Councillor A Scopes in the Chair  
Councillors J Illingworth, P Grahame,  
J Taylor, P Truswell and B Garner

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

There were no appeals against the refusal of inspection of documents

### **2 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.

### **3 Late Items**

Although there were no late items of business, the Chair did accept the inclusion of supplementary information in respect of Agenda Item Nos: 10, 11 and 12 (These items having been discussed at a series of Working Groups held on 24<sup>th</sup> & 26<sup>th</sup> June 2020) the supplementary information being a record of the discussions at the Working Groups (Minute Nos 10, 11 and 12 referred)

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

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

### **5 Apologies for Absence**

Apologies for absence were received from Councillors: P Harrand and M Harrison.

### **6 Minutes of the Previous Meeting**

**RESOLVED** – That the minutes of the previous meeting held on 16<sup>th</sup> March 2020 were accepted as a true and correct record.

### **7 Matters Arising from the Minutes**

The following Matters Arising were noted:

Minute No. 72 – Annual report approved in March 2020 – Currently awaiting referral to Full Council

## **8 Revised Statement of Accounts Timescales and Grant Thornton Audit Plan Update 2019/20**

The Chief Finance Officer submitted a report which informed the Committee of the changes to the statutory timetable for publication of the 2019/20 statement of accounts.

The report also set out the changes to Grant Thornton's audit plan for 2019/20 in the light of the impact of the coronavirus pandemic.

The Chair invited Gareth Mills (Grant Thornton) to give an update on the plans for the audit of the Statement of Accounts.

Members were advised that the government had significantly extended the statutory timescales for production of the 2019/20 statement of accounts. As a result, the council aims to produce its draft statement of accounts by the end of June, with the public inspection period for the draft accounts and the interim Annual Governance Statement planned to start on 6th July.

Members were informed that the revised deadline for the publication of the final audited accounts was 30th November. However, in the accompanying guidance to the new Regulations, the government were encouraging local authorities to publish their accounts earlier than these dates if they are able to do so. Mr Mills said discussions were ongoing with regard to sign-off, the anticipated completion date was currently October 2020, however, further assurances around the level of LCC reserves and the implications for the value for money conclusion was required

Mr Mills explained Grant Thornton had provided an update to their audit plan, setting out changes to the identified risks, the audit approach and the planned timescales due to the coronavirus pandemic.

Members asked for clarification as to the potential impact of the coronavirus pandemic on the going concern assessment of the authority. Mr Mills confirmed that this will be a key area of focus, and that it is anticipated that there will be further understanding of the impact before sign off of the accounts. He acknowledged that there may be an impact on the value for money assessment. The Chief Finance Officer and Chair to be kept informed of the situation.

Referring to the valuation of assets on the balance sheet, Members queried if this was a cautionary note.

In responding Mr Mills said that guidance has been issued to valuers indicating that there may be a material uncertainty around the valuation of fixed assets as at 31<sup>st</sup> March 2020 resulting from the coronavirus pandemic, and that as such there is likely to be a material uncertainty disclosure in the accounts which will be highlighted in the external auditors' opinion..

The Chair thanked Mr Mills for his attendance and contribution.

## **RESOLVED –**

- (i) To note the revised timescales for production of the 2019/20 statement of accounts
- (ii) To note and accept the changes to Grant Thornton's 2019/20 audit plan.

### **9 Internal Audit Update Report March to May 2020**

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

The report also provided information on the impact of the Covid-19 emergency, on priorities for and the resources available to conduct the 2020/21 Annual Internal Audit Plan

Addressing the report the Head of Audit explained that 11 reports had been issued within the reporting period. Members were informed that the work undertaken supported the Annual Financial Statements and provided the Section 151 officer with assurances on the systems that generate the figures within the statements. It was noted that all had positive assurances with the majority receiving a substantial assurance. The CPR waivers follow up report issued within the same period also received a positive assurance.

Members were informed that the Counter Fraud team continued to ensure both proactive and reactive work continued as normal. Positive outcomes from their proactive work include the prevention of 2 right to Buy sales progressing, with estimated saving to the Council of £144k.

Members were made aware of Internal Audit's efforts and contribution to the COVID-19 response, noting that Internal Audit had supported colleagues in Leeds during this process to ensure that internal controls remained in place and good governance was adhered to. A particular area of support was the Business Grants work, the whole audit team, including data analytics experts came together for a period of time to assist the wider business community of Leeds.

Members noted the proposed revisions to the Internal Audit plan 2020/21

Commenting on the reactive anti-fraud work, Members requested if further details could be provided following conclusion of cases.

The Head of Audit confirmed that further details would be provided as appropriate in the circumstances.

Referring to Small Business Grant and Retail, Leisure and Hospitality Grants, Members queried if re-imbursment costs could be claimed, and whether the time and resource burden could be quantified.

Members were informed that a there was no management fee applicable to the management and distribution of grants, but that efforts would be made to estimate the cost to the authority.

Members asked whether any irregularities had been identified through the work done.

The Head of Audit clarified that review work centred on both fraud and error. The work is ongoing but information will be shared with the committee at the end of the process.

#### **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 had arisen to compromise the independence of Internal Audit during the reporting period.
- (iii) To approve the proposed risk based prioritisation of the Annual Internal Audit Plan 2020/21

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

The Committee received an update on the progress with the Access 2003 replacement project.

The report sought to assure the Committee that this project continued to be a priority project with regular updates being provided to CLT and remediation monitored by the Access Project Board.

This item was the subject of a separate Working Group held on 24<sup>th</sup> June 2020 when Members discussed the submitted report in detail.

The Chair tabled the notes of the Working Group setting out details of Members' consideration of the matters raised.

Members confirmed that the notes of the Working Group represented a true reflection of the discussion.

The Chair thanked officers for their attendance and contributions.

#### **RESOLVED –**

- (i) That the contents of the report be noted
- (ii) To support the actions, as referred to in Section No. 3 of the submitted report

## 11 Procurement Assurance Report - 2019/20

The Committee received the Procurement Assurance Report for 2019/20.

The report sought to assure Committee that the procurement policies and practices were: monitored, up to date, fit for purpose and effectively communicated.

This item was the subject of a separate Working Group held on 26<sup>th</sup> June 2020 when Members discussed the submitted report in detail.

The Chair tabled the notes of the Working Group setting out details of Members' consideration of the matters raised.

Members confirmed that the notes of the Working Group represented a true reflection of the discussion.

Further to the Working Group meeting, the Head of Commercial (Legal), provided responses to the following issues raised at the Working Group meeting:

**SME/Local Spend** could be broken down as follows:

- SMEs (spend with both local-SMEs and non-local SMEs) is 52.20% of overall expenditure (£465,722,583) –
- Local supplier spend (spend with local SMEs and local non-SMEs) is 49.16% of overall expenditure (£438,595,649)

**Low Value Contracts** - Spend/volume relating to contracts valued between £10k and the new low value threshold of £25k. The aggregate spend in 2019/20 on contracts in that bracket totalled £575k across 80 contracts, equivalent to 0.06% (rather than 2%) of total spend on external contracts.

The Chair thanked officers for their attendance and contributions.

### **RESOLVED –**

- (i) To note the assurance provided in the submitted report, including the review, the assessment and the on-going monitoring carried out.
- (ii) To note the opinion of the Chief Officer Financial Services that Procurement policies and practices are up to date, fit for purpose and effectively communicated

## **12 Annual Decision Making Assurance Report**

The Committee received the Annual Decision Making Assurance Report.

The report provided assurances to the Committee that the systems and processes that form part of the council's decision making framework were fit for purpose, up to date, were routinely complied with and had been effectively communicated and monitored.

This item was the subject of a separate Working Group held on 26<sup>th</sup> June 2020 when Members discussed the submitted report in detail.

The Chair tabled the notes of the Working Group setting out details of Members' consideration of the matters raised.

Members confirmed that the notes of the Working Group represented a true reflection of the discussion.

The Chair thanked officers for their attendance and contributions. In inviting Members to agree the recommendations, the Chair reminded Members of the risk that the proposed target for publication of key decisions to the List of Forthcoming key decisions would not be achieved in the current year as a result of the urgent decisions required in the Council's response to the pandemic.

### **RESOLVED –**

- (i) That the notes of the Working Group held on 26<sup>th</sup> June 2020 be accepted as a true reflection of the discussion
- (ii) To note the assurance provided in the submitted report by the Head of Democratic Services that the decision making framework in place within Leeds City Council was fit for purpose, up to date, were routinely complied with, and had been effectively communicated and monitored.
- (iii) That the target for inclusion of key decisions in the List of Forthcoming Key Decisions be increased to 95%

## **13 Work Programme**

The City Solicitor submitted a report which set out the ongoing Work Programme for 2020/21.

In the discussion that ensued Members welcomed the introduction of Working Groups to allow in depth consideration of some of the issue brought to Committee and that further use of Working Groups continue to be explored.

Members requested that the Chief Finance Officer attend the July meeting to discuss her views to the potential need of a Section114 report. Officers

referred to the June report to Executive Board which explained the request made to government and the potential for an emergency budget.

The Chair asked that a report be brought to the next meeting explaining the governance processes in place relating to the emergency budget and a Section 114 notice.

**RESOLVED** – That, with the inclusion of the above, the draft work programme as set out in the Appendix of the submitted report, be approved.

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

**RESOLVED** – To note that the next meeting will take place on Monday, 27<sup>th</sup> July 2020 at 10.00am (Remote Meeting)