

## **Corporate Governance and Audit Committee**

**Monday, 30th June, 2008**

**PRESENT:** Councillor J Bale in the Chair  
Councillors D Blackburn, G Driver, J Elliott,  
G Latty, N Taggart, C Campbell and  
G Kirkland  
**Co-optee** Mr M Wilkinson

**16 Chair's Opening Remarks**

The Chair welcomed all in attendance to the meeting, particularly Councillor Kirkland who was attending his first meeting as a member of the Corporate Governance and Audit Committee and Jillian Burrows and Alison Ormston of KPMG.

**17 Appeals Against Refusal of Inspection of Documents**

There were no appeals against refusal of inspection of documents.

**18 Exempt Information - Possible Exclusion of the Press and Public**

There were no resolutions to exclude the public.

**19 Late Items**

In accordance with his powers under Section 100B(4)(b) of the Local Government Act 1972, the Chair admitted to the agenda the minutes of the previous meeting held on 18<sup>th</sup> June 2008, which were to be considered at agenda item 6 (Minute No. 22 refers).

Due to the limited timescales between the previous meeting and the publication of the agenda papers for this meeting, the minutes had been unavailable at the time of the agenda despatch, and were required to be submitted to this meeting, in order to enable them to be considered and confirmed as a correct record.

**20 Declaration of Interests**

No declarations of interest were made at the meeting.

**21 Apologies for Absence**

Apologies for absence from the meeting were received on behalf of Councillors Iqbal and Grahame.

**22 Minutes of the Previous Meeting**

That the minutes of the Corporate Governance and Audit Committee meeting held on 18<sup>th</sup> June 2008 be approved as a correct record.

## **23 Leeds Joint Area Review Report**

The Committee received a report of the Director of Children's Services presenting the outcomes from the Leeds Joint Area Review (JAR) and advising of the formal requirement to produce an action plan in response to the review's recommendations. Members noted that in accordance with the Protocol for the Co-ordination of External Audit and Inspection Reports, a further report on the implementation of the actions arising from the JAR was scheduled to be submitted to the Committee later in the municipal year.

Having received a summary of the key outcomes and recommendations from the JAR, the Committee particularly discussed the following:

- The relationship which existed between the Council and the partner organisations delivering Children's Services provision in Leeds, and the extent to which such partner organisations were accountable for the outcome of the Leeds JAR and the delivery the actions arising from it;
- Clarification was sought on several areas identified by the JAR as requiring further development, these included the levels of security in place for the protection of computerised records, the proportion of 16 and 17 year olds not in education, employment or training (NEET), the need for one comprehensive register of children with disability and the take up rate by schools of the careers education and guidance monitoring arrangements provided by Connexions;
- Reference was made to the fact that the main strengths identified by the JAR were mainly procedural, and the main weaknesses were generally outcome based;
- The criteria used to determine the Local Authority's statistical neighbours;
- The timescales involved in the restructure of education and training provision for 14-19 year olds in Leeds;
- With reference to the city's large geographical area and its wide ranging socio-economic conditions, Members requested that the report which was scheduled to be considered by the Committee later in the municipal year contained more localised information on the outcomes and recommendations of the JAR.

In conclusion, Members acknowledged the considerable number of major strengths which had been identified by the review, when compared to the number of weaknesses.

### **RESOLVED –**

- (a). That the contents of the report be noted;
- (b). That an update report on the implementation of the actions arising from the JAR, which provides more localised information on the outcomes and actions from the review be submitted to the Committee later in the municipal year.

(Councillor Taggart arrived at 1.30 p.m., during the consideration of this item)

## **24 Annual Report on Risk Management Arrangements 2007/08**

Members received a report of the Director of Resources providing a review of the key risk management developments which had occurred across the

Council, Education Leeds and the Housing Arms Length Management Organisations (ALMOs) during 2007/08.

Having received a brief summary of the key issues detailed within the report, Members particularly discussed the following:

- The processes by which risks existing in directorates were assessed, and the criteria which was used to determine whether such risks were included within the Corporate Risk Register (CRR);
- Having made reference to the implications associated with the publication of the CRR, a matter which had been referred to in the Annual Report of the Corporate Governance and Audit Committee, it was noted that following the submission of the Annual Report to Council, a series of meetings would be sought between the Leader of Council and the Chair, in order to discuss issues such as the potential publication of the CRR;
- Members highlighted that Eastmoor Secure Unit was the only critical service yet to establish a Business Continuity Management Plan, and proposed that an update report on this matter was submitted to the next meeting of the Committee for consideration;
- The method of risk assessment which was currently used by the Council, and the possibility of consideration being given to the adoption of alternative methods of risk assessment in the future.

**RESOLVED –**

- (a). That the Annual Report on Risk Management Arrangements 2007/08 be approved;
- (b). That an update report on the issues associated with the establishment of a Business Continuity Management Plan for Eastmoor Secure Unit be submitted to the next meeting of the Committee for consideration.

**25 External Audit and Inspection Plan for 2008/09**

The Committee received a report of the Director of Resources providing a summary of the key audit risks, in addition to details of KPMG's planned work programme and audit and inspection fee for 2008/09.

Members particularly discussed the following:

- The relationship which existed between Leeds City Council, KPMG and the Audit Commission;
- The processes and criteria used to identify the key areas which were to be addressed as part of KPMG's 2008/09 work programme, and the nature of the guidance which would be offered by the external auditor on such key areas;
- The need for the Committee to revisit the External Audit and Inspection Plan later in the municipal year, in order to monitor the service which was being delivered by the external auditors.

**RESOLVED –**

- (a). That the Audit and Inspection Plan for 2008/09 be agreed;
- (b). That further consideration be given to the External Audit and Inspection Plan for 2008/09 later in the municipal year.

## **26 Review of the Effectiveness of the System of Internal Audit**

The Committee received a report of the Director of Resources reviewing the Council's system of Internal Audit for 2007/08. The report also highlighted those areas of Internal Audit where improvements would be sought during 2008/09.

Members particularly discussed the following:

- The need for consideration to be given to the effectiveness of the Corporate Governance and Audit Committee during the current municipal year;
- The Committee's role in ensuring that appropriate control environments were in place across all directorates;
- Clarification was sought on whether Chairs of other Council committees were precluded from sitting on Corporate Governance and Audit Committee;
- Congratulations were extended to Internal Audit for the work which had led to CIPFA adopting certain practices previously developed and established by the Council;
- The need for a greater level of Member Development to be undertaken across the field of Internal Audit.

### **RESOLVED –**

(a). That the report be approved and the positive outcomes of the review of the effectiveness of the system of Internal Audit be noted;

(b). That a review of the effectiveness of the Corporate Governance and Audit Committee be added to the Committee's work programme.

## **27 Corporate Governance Statement 2008**

The Assistant Chief Executive (Corporate Governance) and the Director of Resources submitted a joint report introducing and commenting upon the 2008 Corporate Governance Statement, which was appended to the report for the Committee's approval.

The Committee sought a minor revision to the statement concerning the developing relationship between the Council and local people and stakeholders.

Members discussed the desirability of Education Leeds, the ALMOs and other third party organisations producing annual governance statements to inform future Corporate Governance Statements.

**RESOLVED** - That subject to the minor amendment as referred to above, the 2008 Corporate Governance Statement be approved, and the Leader of the Council, the Chair of the Corporate Governance and Audit Committee, the Chief Executive and the Assistant Chief Executive (Corporate Governance) be authorised to sign the document on the Council's behalf.

## **28 Statement of Accounts 2007/2008**

Members received a report of the Director of Resources presenting the Council's 2007/08 Statement of Accounts for approval.

The Committee's approval was also sought on a revision which was required to be made to the figures concerning contingent liabilities.

Members discussed the provision which had been made to cover pay and grading costs and the increased number of officers who were now earning in excess of £50,000 per year.

The Committee highlighted the increased reserve for the estimated net pensions liability and discussed the criteria used to calculate the amounts needed for that reserve.

**RESOLVED** - That subject to the revision referred to above, the 2007/08 Statement of Accounts be approved, and in acknowledging the Committee's approval, the Chair be authorised to sign on behalf of the Committee, the appropriate section within the Statement of Responsibilities on page 1 of the Accounts.

(Councillors Driver and Latty left the meeting at 2.45 p.m. and 3.00 p.m. respectively, during the consideration of this item)

## **29 Work Programme**

Members received a report of the Assistant Chief Executive (Corporate Governance) presenting the Committee's work programme for the remainder of the current municipal year.

Having discussed the possibility of splitting the September meeting into two separate sessions in order to maintain a manageable workload, it was proposed that Members would be canvassed for their availability on any revised arrangements.

Members considered the possibility of providing the Committee with an opportunity to reflect upon its role and the work it had previously undertaken. Consideration was also given to the Committee's role in terms of issues such as the review of polling districts.

### **RESOLVED -**

(a). That the Committee's work programme for the remainder of the current municipal year be noted;

(b). That the Chair be authorised to revise the work programme, in line with Members' wishes.