

Corporate Governance and Audit Committee

Friday, 24th September, 2021

PRESENT: Councillor K Maqsood in the Chair
Councillors G Almass, M Foster,
P Grahame, P Harrand, J Illingworth and
P Truswell

Linda Wild – Independent Member

29 Appeals Against Refusal of Inspection of Documents

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

30 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.

31 Late Items

There were no late items of business identified.

32 Declaration of Interests

There were no declarations of interest made at the meeting.

33 Apologies for Absence

Apologies for absence were received from Councillor J Bentley.

34 Minutes of the Previous Meeting

The minutes of the previous meeting held on 30th July 2021 were submitted for comment/ approval.

RESOLVED - That the minutes of the previous meeting held on 30th July 2021 were accepted as a true and correct record.

35 Matters Arising from the Minutes

The Committee received the following up-date on matters previously considered by this Committee:

Procurement Assurance Report 2020/21 (Minute No.22 referred) - At the last meeting Members requested if further details could be supplied in respect of the Brexit/ Procurement Regulation Review and asked if the Council's submission on the Green Paper Consultation could be provided. Further details were also requested in respect of social value in terms of the annual spend with local suppliers or SME's and also comparisons/ benchmarking with other local authorities.

The Lead Officer to the Committee confirmed that all requested information had been circulated to Members via email on the 19th August 2021.

Public Sector Network Certification (PSN) - Update Report (Minute No.13 referred) – In providing an update the Data Protection Officer reminded Members that the Council's PSN submission had been sent to the Cabinet Office on 30th July 2021 and that any feedback received would be made known to the Committee.

The Data Protection Officer reported that changes at the Cabinet Office had caused an unanticipated issue with the Council's application, as the number of outstanding vulnerabilities at the point of submission exceeded the triage threshold. The Council has resubmitted its updated submission which has now passed triage. The Data Protection Officer confirmed that committee would be updated further as to the outcome of this application.

36 Report on Climate Emergency Governance and Controls

The Chief Officer, Sustainable Energy and Air Quality submitted a report which set out the governance and control arrangement that were in place in relation to the Climate Emergency.

Addressing the report the Chief Officer, Sustainable Energy and Air Quality explained that this was the first time that such a report has been provided since the declaration of a Climate Emergency in 2019. The assurance report for the Climate Emergency was attached at Appendix 1 of the submitted report and set out the current governance and controls that related to the climate emergency. The report also reflected how governance/controls vary depending on the complexity of a specific project, as well as the requirement to ensure that any governance was proportionate to the work programme due to the limitations of resource.

In summary the Chief Officer Sustainable Energy & Air Quality said that having undertaken the review of the system of internal control for Climate Emergency as outlined in submitted report, she was satisfied that the arrangements were up to date and fit for purpose, that they were communicated and embedded and that they were routinely complied with.

Members queried if sufficient funding had been received from the government and from grants, and if so, from where.

Members were informed that funding received was not sufficient in terms of achieving net zero emissions, but had been sufficient to fund specific projects. Funding and policy remain a shortfall in terms of climate emergency as some of the funding would have to come through the private sector.

Members asked if the City Council were likely to fail their objectives for net zero emissions by 2030.

The Chief Officer Sustainable Energy & Air Quality said achieving the net zero objective would be challenging. The council had always acknowledged that the council's emissions were relatively small in the wider city, but the council also had a role in influencing citizens in terms of behaviour and the government in terms of policy. The Council was doing everything it could in its own control.

Members questioned whether money spent on this project could alternatively be spent on the more immediate issues effecting communities, for example flooding.

Members were informed that the City Council contributed 50% of the cost of the team, the remainder was funded through grants. Very little council resource was put directly into the climate emergency, but the team was very good at securing external finance that could not be used for other purposes, preventing Leeds being left behind as a city.

Members sought assurance that the strategy would evolve through the transition from trial projects to big projects which absorb large amounts of capital and revenue flows.

The Chief Officer Sustainable Energy & Air Quality said that we are in a period of transition, the council had been at the forefront of a number of trials and was now bringing private sector funding into working on a bigger scale. Assurance would continue through the annual reporting, briefings and governance set up within the Council.

Members referred to the processes for challenge, enabling the council to change direction where necessary as information and technologies develop.

The Chief Officer Sustainable Energy & Air Quality said the City Council had good monitoring arrangements in place and were also willing to adopt new technologies. Reaching out to other partners such as the Climate Commission may also assist with the provision of alternate views.

Members noted that we had built a Climate Emergency Section into all committee reports and asked whether reports prepared by the City Council were monitored for climate emergency implications of the subject matter.

Members were informed that guidance was provided for report authors and that it fell to individual departments to ensure that the information provided

was robust. Members were informed that “Carbon Literacy Training” would be soon rolled out to staff.

The Chair thanked the Chief Officer Sustainable Energy & Air Quality for her attendance and contribution.

RESOLVED – To note the governance and control arrangements that are in place in relation to the climate emergency.

37 Annual Treasury Management Governance Report

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

Members were informed that treasury management fully complied with the current CIPFA Code of Practice, the Prudential Code and the latest revised guidance notes for practitioners.

Members noted that since the last update all borrowings and investments undertaken by Treasury Management had been in accordance with the approved governance framework.

It was reported that treasury management operated within the governance framework and used additional market intelligence and information gathered from a variety of sources. These sources had been integral to protecting the authority from undue risk in the financial and money markets.

Members noted that Internal Audit had provided substantial assurance on the control environment and compliance in their 2019/20 audit report and had updated the audit regime in relation to Treasury Management (paragraph 2.9 of the submitted report referred).

Members referred to the service level agreement with the West Yorkshire Combined Authority to provide Treasury Management services and queried if any expenses incurred by LCC were recouped. It was further queried if there were any potential conflicts of interest.

The Chief Officer Financial Services confirmed that any expenses incurred would be fully re-imbursed under a service level agreement. On the issue of conflict of interest, it was suggested that generally there was no conflict, but that where, very rarely, it may be mutually beneficial to lend between the two organisations, arrangements were approved at senior level.

Referring to paragraphs 2.6 & 2.7 of the submitted report Members queried whether the last assurance report received from Internal Audit in relation to the treasury management function was for the year 2019/20. The Senior Audit Manager advised that the audit arrangements for treasury management would be confirmed with Members.

Officers undertook to confirm the date of the last reported review, and confirmed that data analytics work would commence later in the year with the intention that this would provide ongoing assurance in respect of treasury management arrangements.

RESOLVED –

- (i) 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.
- (ii) To note that all borrowing and investments undertaken by Treasury Management had been compliant with the governance framework.

38 Grant Thornton Audit Risk Assessment Enquiries 2020/21

The Chief Officer Financial Services submitted a report which presented a series of enquiries from Grant Thornton (External Auditors) which would inform their audit risk assessment for the 2020/21 audit, the enquiries cover accounting issues, fraud risk and legal issues.

Members were informed that Grant Thornton had requested that the Council's responses to these enquiries were formally considered at a meeting of the Committee. Once the audit was complete the Committee would be asked to formally approve the final audited statement of accounts on behalf of the Council, and the responses to these enquiries this year form a stage in the assurances received by the Committee towards that approval.

The Head of Finance (Technical) reported a small number of proposed wording clarifications to the draft responses, which had arisen from briefing sessions held with Members.

Referring to the prevention of fraud and matters relating to accounting estimates (Pages 57 & 71 referred). Members noted that the Grant Thornton document suggested that much of the responsibility lay with the Corporate Governance and Audit Committee and queried the division of responsibilities between officers and Members, and whether the Committee had the necessary knowledge to be sufficiently competent in these areas.

In responding Mr P Sethi (Grant Thornton) said it was the responsibility of Management to ensure arrangements were effective. It was the responsibility of the Corporate Governance and Audit Committee to provide review and challenge within the context of their local knowledge of arrangements in the council.

Referring to risks of fraud, Members asked if fraud awareness training was available to staff and received by staff in key positions. Members also

requested that details of fraud reported under the council's arrangements were reported to committee

The Principal Audit Manager confirmed that all allegations received for both whistleblowing and reporting concerns policies were now reported through twice yearly reports to the committee. It was further confirmed that Counter fraud training was available to everyone, but specific staff groups were targeted.

RESOLVED –

- (i) To note the responses proposed by officers to Grant Thornton's enquiries
- (ii) To confirm that the responses proposed were consistent with Members' understanding of the Council's arrangements in these areas.

39 Internal Audit Update Report May to July 2021

The Chief Officer Financial Services submitted a report which provided a summary of the Internal Audit activity for the period May to July 2021. The report sought to assure that the work of Internal Audit offered a key source of assurance providing the Committee with some evidence that the internal control environment was operating as intended.

Addressing the report the Senior Audit Manager explained that 20 audit reports (excluding external work) had been issued during the period from 1st May 2021 to 31st July 2021. Commenting on social value Members were informed that a significant amount of work had been undertaken in preparation to embed social value into the procurement process.

The report also set out details of; Other Audit Work, Audit Activity, Work in Progress, Internal Audit Performance, and the Head of Internal Audit rolling opinion for Quarter 1 of the plan year. The Monitoring of Urgent Decisions was provided in Appendix B of the report.

Referring to Customer Satisfaction, Members asked if the Audit Section looked upon their cliental as "customers".

Members were informed that they were looked upon as client departments.

Members also asked if a bad review could lead to a poor customer satisfaction score, thereby creating a conflict of interest.

The Senior Audit Manager confirmed that the service was bound by professional standards and that there was confidence in the robustness of the work carried out and the right level of independence and challenge was be applied.

As in previous years Members expressed disappointment at the response rate to the Customer Satisfaction Questionnaire (42% in this reporting period). Members were of the view that these documents were important and required completion and suggested if future responses could be listed by Directorate.

It was agreed that the Chair on behalf of the Committee be requested to write to the Chief Executive with a request that all Chief Officers remind their staff of the importance of completing Customer Satisfaction Questionnaires following a review of work undertaken by the Audit Section.

RESOLVED –

- (i) To receive the Internal Audit Update Report covering the period from May to July 2021 noting the work undertaken by Internal Audit during the period covered by the report.
- (ii) To note that there had been no limitations in scope, and nothing had arisen to compromise the independence of Internal Audit during the reporting period.
- (iii) To receive the report providing information relating to the Monitoring of Urgent Decisions.
- (iv) That the Chair on behalf of the Committee be requested to write to the Chief Executive with a request that all Chief Officers remind their staff of the importance of completing Customer Satisfaction Questionnaires following a review of work undertaken by the Audit Section.

40 Annual Assurance Report on Planning Decision Making and Enforcement Arrangements

The Chief Planning Officer presented the Annual Assurance Report, which outlined the key internal controls and processes in place to mitigate risks and to provide assurance that systems and processes for decision making on planning decisions and enforcement activity were in place.

Referring to the assurance report to this committee in 2020, the Chief Planning Officer reported that a review of the service documentation highlighted that whilst most documents were up to date and fit for purpose, there were some instances where documents had not been reviewed for some years and work was now ongoing to ensure they remained up to date and relevant. It was also reported that due to the resource constraints and limitations posed by the COVID19 situation, further work would continue in 2021-22 to conclude the work updating all documents.

In offering comment one Member (Councillor J Illingworth) suggested that it was important to have good accurate data for the purposes of decision making. In providing an example of poor data, Councillor Illingworth said the city did not have a policy in place for playing fields. He informed the

Committee that this issue was identified in 1991, during the preparation for the Unitary Development Plan. He said Officers worked on the problem, surveying and classifying greenspace across the city and accumulating ward totals for the various types. It was claimed, Councillor Illingworth said, that Leeds had excellent greenspace provision, although it was difficult to find much evidence to support this claim.

In responding the Chief Planning Officer said, a playing pitch assessment had been adopted as part of the Site Allocation Plan process (SAP) and any previous planning evidence had been superseded by SAP and the SAP had been found sound by the Planning Inspectorate.

The Head of Service (Legal) confirmed that the Playing Pitch Strategy could not be given any planning weight as it had not gone through any governance framework of the Council and reiterated that the planning evidence provided as part of the SAP process had superseded outdated information that Councillor Illingworth referred to.

Councillor P Truswell, in his role as Chair of Scrutiny Board (Infrastructure, Investment & Inclusive Growth) suggested that the role of Corporate Governance & Audit Committee was to ensure that the necessary processes and systems were in place, which in his opinion they were, the issue referred to by Councillor Illingworth was outside the remit of this Committee and would be better addressed by its referral to Scrutiny Board (Infrastructure, Investment & Inclusive Growth)

The Committee were supportive of the suggestion.

RESOLVED – To accept the assurances provided by the Chief Planning Officer that the business continuity arrangements are fit for purpose, up to date, are routinely complied with, have been effectively communicated and are monitored.

41 Work Programme

The Chief Officer Financial Services submitted a report which set out the proposed Work Programme for the remainder of 2021/22.

Members were informed that following the announcement of a State of the City event” on Friday, 10th December 2021 it would be necessary to reschedule the December meeting of this Committee.

It was reported that following discussions with the Chair it had been agreed the meeting would now take place on 17th December 2021.

RESOLVED –

- (i) To note the rescheduled date of Friday, 17th December 2021 for the December meeting of this Committee

- (ii) That the Work Programme be approved, as set out at Appendix 1 of the submitted report.

42 Date and Time of Next Meeting

RESOLVED - To note that the next meeting will take place on Friday, 26th November 2021 at 2.00pm in the Civic Hall, Leeds.