

Corporate Governance and Audit Committee

Monday, 23rd April, 2012

PRESENT: Councillor G Driver in the Chair
Councillors P Grahame, C Campbell,
G Kirkland, A Lowe, W Hyde, T Hanley,
C Fox and G Hussain

Apologies Councillor J Elliot and Mr Tollefson

99 Appeals Against Refusal of Inspection of Documents

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

100 Exempt Information - Possible Exclusion of the Press and Public

There were no exemptions to exclude the public.

101 Late Items

There were no late items submitted to the agenda for consideration.

102 Declaration of Interests

Councillor Driver declared a personal interest in Agenda item 8 – as a Member of the Leeds City Council Joint Plans Panel and City Centre Plans Panel (Minute No.106 refers)

Councillor Driver also declared a person interest in Agenda item 10 – as a Board Member of Belle Isle Tenant Management Organisation. (Minute No. 108 refers)

Councillor Lowe declared a personal interest in Agenda item 10 – Internal Audit Report – as a Board Member of West North West Homes.

103 Apologies For Absence

Apologies for absence were received from Councillor J Elliot and Mr G Tollefson.

104 Minutes of the Previous Meeting

The minutes of the Corporate Governance and Audit Committee meeting held on 27th March 2012 were approved as a correct record.

Draft minutes to be approved at the meeting
to be held on 4th July 2012

105 Chair's Remarks

The Chair informed the Committee that this would be his last meeting as a Member of the Committee as he was not standing for re-election at the forthcoming elections in May.

The Chair gave a detailed update of the latest position with regards to the future appointment of External Auditors. At a recent core city meeting there has been an expression of interest in creating a mutual independent audit appointment panel which would consider the appointment of External Auditors across the core cities.

The Chair invited the Chief Officer (Audit and Risk) to comment on a recently received letter from the Audit Commission which will be circulated to Members of the Committee. In summary the letter seeks consultation on the appointment of External Auditors and whether KPMG should be re-appointed for a further five years.

Concerns were raised about whether the Audit Commission would have capacity to monitor the contract over the longer term, particularly, in light of the recent government announcements. Members were informed at this point that the Audit Commission are likely to continue to exist in order to oversee any contracts let. Members also discussed the implication of external auditors remaining in position for a number of years and the impact this could have on the relationship with the Council. The Chief Officer (Audit & Risk) explained the arrangements for the rotation of lead partners within audit firms to mitigate any risk of this nature. Members also questioned whether indeed the Council had any choice in practice and what, if any, was the alternative to the reappointment of KPMG. Discussion turned to the arrangements to ensure a value added service from KPMG given the overall length of the contract. It was decided that the consultation response should reflect concerns over the Audit Commission's arrangements to quality assure the contract.

Members also discussed the likely reduction in the audit fee and the Chief Officer (Audit & Risk) explained that the Audit Commission will continue to set the fee scale for the Council and the expectation that the actual fee payable would be within this fee scale, depending on the risks associated with the audit. Members also discussed the scope of the audit and the arrangements whereby the National Audit Office would take over producing the Code of Audit Practice and therefore the definition of the scope.

It was agreed that the Chief Officer (Audit & Risk) would respond to the Audit Commission's consultation and take into account the views expressed by the Corporate Governance and Audit Committee.

(Councillor W Hyde entered the meeting at 2:30pm during the discussion of this item)

106 Assurances of the process by which planning decisions are taken by the Council

The Head of Planning Services presented a report of the Chief Planning Officer. The report responded to the request of the Committee to set out the arrangements in respect of planning decisions taken by the Council in 2011/12. The report provided assurances to the Committee as to the operation of the arrangements and processes that are in place, ensuring they are up to date, accountable, transparent, have integrity, and are effective and inclusive. The report also outlined the arrangements that are in place to underpin the decision making process within the remit of the Chief Planning Officer: which are planning decisions taken by the Plans Panels and planning decisions taken by officers under delegated authority.

Members discussed the report in detail. Consideration was given to monitoring the decisions made by officers in relation to planning and the best way of achieving assurance that decisions made were correct.

it was considered that those Members not on the Plans Panels should receive more training with regards to planning so that they can better advise on queries received from constituents.

RESOLVED – The Committee resolved to:

- (a) note the contents of the report;
- (b) receive a report on planning decisions on an annual basis; and
- (c) refer the matter of Member training to the Head of Scrutiny and Member Development for further consideration with the Chief Planning Officer.

107 Annual Statement on Community Engagement

The Chief Officer (Leeds Initiative and Partnerships) presented a report of the Assistant Chief Executive (Customer Access and Performance). The report provided assurance to the Committee on the Council's ability to support residents' involvement in decision making and the development of services. The report considered the effectiveness of governance controls currently in place for these arrangements as well as progress in 2011/12 and key improvements planned for 2012/13.

Members considered the report and expressed the view that they felt that Members needed to have greater involvement in this process, with Executive Members, Area Committees, Scrutiny Boards and individual Ward Members having a key role to play, in ensuring appropriate engagement activity is undertaken and is taken into account in the decision making process

Members also felt that following consultation of local people it was essential to act upon their views.

RESOLVED – The Committee resolved to note the contents of the report.

108 Internal Audit Report

The Head of Internal Audit presented a report of the Director of Resources. The report provided a summary of internal audit activity for the period to March 2012 and highlighted the incidence of any significant control failings or weaknesses.

The Head of Audit took Members through the key issues in section 2 of the Internal Audit report March 2012 attached at Appendix 1 of the report.

Members sought further clarification of audit findings relating to the procedures in ALMOs which ensure that the date of registration is consistently documented within the housing allocation process. Members felt that they would like this area exploring in greater detail in the next Internal Audit report;

Members explored issues relating to potential cheque fraud and whether this was a major problem which needed more resources to look in to it.

Members also asked questions of the Head of Internal Audit in relation to sampling techniques for audit testing and assurance levels given by the Internal Audit service.

RESOLVED – The Committee resolved to:

- (a) note the work undertaken by Internal Audit during the period covered by the report; and
- (b) that the Head of Internal Audit further explore the date of registration issues raised and report back within the next scheduled Internal Audit report to the Committee.

(Councillor Lowe left the meeting during the consideration of this item at 3:35pm)

109 Update on Changes to Accounting Practice impacting on the 2011/12 Accounts.

The Principal Finance Manager presented a report of the Director of Resources. The report outlined the major changes to legislation and accounting practice which will impact on the 2011/12 accounts.

RESOLVED – The Committee resolved to note the impact of the new accounting and legislative requirements on the Council's 2011/12 accounts.

110 Financial Procedure Rules

The Principal Audit Manager presented a report of the Director of Resources. The report informed Members of the rationale behind the current update to the Financial Procedure Rules.

RESOLVED – The Committee resolved to:

- (a) note the contents of the report; and
- (b) request a report in a years time to ensure the revised FPRs have achieved what they set out to do.

111 Corporate Governance and Audit Committee

The Governance Officer presented a report of the Director of Resources. The report presented the Committee's Annual report to Members.

The Committee explored whether the annual report might be received by Executive Board to further promote the work of the Committee.

RESOLVED – The Committee Resolved to:

- (a) note the contents of the report; and
- (b) ask the Chief Officer Audit and Risk and the Head of Governance Services to bring forward a further refined work programme for consideration at the first meeting of the municipal year in July.

112 Work Programme

The Director of Resources submitted a report notifying Members of the work programme.

The Committee reviewed its forthcoming work programme.

RESOLVED - The Committee resolved to note the work programme.

At the close of business, the Chair expressed his thanks for the support of Members and Officers throughout the municipal year 2011/12.

Members responded by thanking Cllr Driver for Chairing the Committee's meetings over the last two municipal years and for all his hard work in guiding the Committee. Members and Officers also wished Cllr Driver a happy retirement from public office.