

Corporate Governance and Audit Committee

Monday, 27th January, 2020

PRESENT: Councillor A Scopes in the Chair

Councillors P Harrand, J Illingworth,
P Grahame, M Harrison, J Taylor,
P Truswell and B Garner

46 Appeals Against Refusal of Inspection of Documents

There were no appeals against the refusal of inspection of documents

47 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.

48 Late Items

There were no Late Items identified

49 Declaration of Disclosable Pecuniary and Other Interests'

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

50 Apologies for Absence

Apologies for absence were received from Councillor J Bentley.

51 Minutes of the Previous Meeting

RESOLVED – That the minutes of the previous meeting held on 22nd November 2019 were accepted as a true and correct record.

52 Matters Arising from the Minutes

The Deputy Head of Democratic Services reported on the following Matters Arising:

Minute No.37 – Public Works Loan Board (PWLB) loan rate rise – It was reported that a joint letter had been sent from Chair of Strategy & Resources Scrutiny Board and Executive Member for Resources to MHCLG urging reconsideration of rise (circulated 21st January 2020).

Minute No.38 – Corporate Performance Management – Members were informed that officers had provided responses to each of the questions raised which had been shared with individual Members or circulated as appropriate.

Minute No.39 – Social Value in Procurement – It was reported that the guidance on social value in procurement had been considered at the 20th January meeting of Strategy & Resources Scrutiny Board and that work was ongoing within PACS to develop a social value portal.

Minute No.40 – Planning Governance – Members were informed that guidance on the referral process; chairs discretion and material planning considerations was a work in progress – Officers were planning to consult the Executive Member and Plans Panel Chairs before circulating the final note.

Minute No.42 – Redmond Review – It was reported that a response was circulated in draft and final version (amended following receipt of Members views) had also been circulated.

53 Applications Portfolio Programme - Update on Access Project

With reference to the previous meeting held on 22nd November 2019 when it was acknowledged by officers that progress on the project had not been as anticipated, the Director of Resources and Housing now submitted a report which provided an update on the progress made and steps taken to re-baseline the project.

Addressing the report the Chief Digital and Information Officer said that since the last meeting work had focused on the following:

- Ensuring the right technical expertise and amount of resources were assigned to the project
- Challenge and review the methodology for moving off Access 2003 in the timeframe
- Challenge the project management, governance and escalation arrangements
- Instructions had been circulated that no new databases be created

Members referred to the 630 IT projects currently on the Digital and Information Services portfolio of work and queried if any of these would affect the public services network approval.

It was confirmed that a number of the projects would affect the public service network approval and that details would be supplied in the Annual Report.

It was reported at the last meeting that new 2003 databases were still being created, and Members asked whether this was still happening.

Members were informed that an instruction had been circulated that no new databases be created and any new databases would be immediately deleted.

A number of Members expressed disappointment at the lack of progress suggesting that officers with senior positions within the Council had not taken this project seriously, it had taken too long to identify this project as a priority and the council was in a position of needing to play catch up.

The Chief Digital and Information Officer explained that the issue had been discussed at the Corporate Leadership Team and that this project was caught by the priority design principles which had been set. It was also reported that the Project Management Team were now meeting on a three weekly bases with clear roles of responsibility having been assigned.

Members queried if the required resources were now in place with the necessary technical expertise.

Members were informed that additional resources had been assigned to the project, and that specialist agency staff would be brought into the team to meet the current lack of “developers” to provide alternative solutions to replace Access databases.

Members asked if the project timetable could be shared with Members.

The Chief Digital and Information Officer informed Members that at this stage he could not commit to a firm timetable, an action plan had been compiled but there remained a risk around the use of external expertise.

The Chair requested that the project timetable be circulated to Members (via email) by 1st March 2020 and that the Director of Resources and Housing be notified of the Committee’s request.

The Chair thanked the officers for their attendance and contributions and requested that a further progress report be brought back to the next meeting in March 2020 when it was hoped the project would be back on track.

RESOLVED –

- (i) That the contents of the report be noted and the identified actions be supported
- (ii) That a further update be provided at the next meeting
- (iii) That the project timetable be circulated to all Members of the Committee by 1st March 2020
- (iv) That an invitation to attend the next Committee be extended to the Director of Resources and Housing if it is considered that sufficient progress has not been made

54 Customer Contact and Satisfaction

The Chief Officer, Customer Access and Welfare submitted a report which provided the annual update on customer contact and satisfaction levels with customer services delivered through Customer Access on behalf of the Council.

The report provided:

- An update on the two key areas: telephone waiting times and transitioning to digital channels which were identified by this Committee in response to the annual report in November 2018.
- An overview of customer contact, satisfaction and developments through the Council's corporate customer services function – Customer Access;
- An update on the audit of customer contact with Members;
- An analysis of formally logged complaints through the Customer Relations teams;
- An overview of the customer care standards.

In considering the report reference was made to council house repairs, Members suggesting that tenants would often contact the housing contractors responsible for council house repairs (Mears) directly, it was understood the call was charged at a premium rate, which was an enormous cost to the tenant.

Members were informed that such enquiries could be made through the LCC Contact Centre where calls were charged at a standard rate.

A number of Members raised the issue of call waiting times suggesting that 11 – 16 minutes to get through to particular services was not acceptable.

Members were informed that work was ongoing to reduce the volume of calls to certain services by enabling customers to self-service. It was suggested that staff recruitment and retention was an issue, once staff became fully trained they would often seek employment in other areas of the Council.

Members queried if exit interviews were undertaken to understand why staff were leaving.

The Chief Officer, Customer Access and Welfare confirmed that exit interviews were undertaken and issues such as: burnout, pressure of the job and challenging customers were all named as reasons why staff would seek alternative employment. The chief officer explained that by employing and training of apprentices within the service there was a plan to make a virtue of workforce change by retaining these staff within the council as a whole.

Members also raised the issue of automated messages, one Member said she had dialled four different numbers but on each occasion it had gone through to an automated system and in some instances the recorded message was not up to date.

The Chief Officer, Customer Access and Welfare asked if he could be supplied with specific details so that the matter could be investigated further.

Reference was made to Customer Complaints. Members asked that reporting differentiated between local residents who contact a Councillor directly before contacting the Service, and those who escalate a complaint by contacting their councillor when the service has not responded to their satisfaction.

The Chief Officer, Customer Access and Welfare confirmed that council house repairs was a particular area where tenants were seeking the support of Councillors before the service had had an opportunity to address the issue. This was a matter that that was reflected in Members case work and was currently been investigated by the service.

Referring to the Local Government Ombudsman Annual Letter, Members requested if further details about Ombudsman complaint comparisons with other local authorities could be circulated to all Members of the Committee.

Members were informed that the requested information would be provided.

RESOLVED –

- (i) That the contents of the report be noted
- (ii) To support the work outlined to develop the approach further
- (iii) To recognise the developments outlined which will further enhance customers' experiences
- (iv) That details about Ombudsman complaint comparisons with other local authorities be circulated to all Members of the Committee.

55 Grant Thornton Annual Audit Plan 2019/20 and update on Audit Issues

The Chair welcomed to the meeting Gareth Mills, Engagement Lead and noted apologies from Perminder Sethi, Engagement Senior Manager (Grant Thornton).

The Chief Officer Financial Services submitted a report which informed Members of Grant Thornton's audit plan for the audit of the Council's accounts and its value for money arrangements; detailed the outcome of the 2018/19 Housing Benefits Subsidy grant claim audit; and provided an update on 2018/19 audit fees and on PSAA's process for approving them

The report from Grant Thornton highlighted the risk based approach to the audit and the main risks they had identified for 2019/20.

Addressing the reports Mr Mills (Grant Thornton) explained that two areas had been identified where there was a significant risk of material misstatement

due to the scale of the assets and liabilities involved – the valuation of property, plant and equipment and the valuation of pension liabilities and assets.

In relation to their audit of the council's arrangements for securing value for money, Grant Thornton had identified the key risks as being the council's overall financial standing given the continuing significant pressures which it faces, and the potential for Brexit to impact on the council.

The Audit Plan proposed an audit fee of £198.9k. This included a fee variation of £20.3k, the reasons for which were explained in Section 10 of the Audit Plan. In addition to the information given in their audit plan, Grant Thornton had written to the Chief Finance Officer to provide more detail of the additional audit work proposed and the reasons for it. A copy of that letter was included as an appendix to the audit plan.

Members raised the issue of the 2018/19 Audit and the fee variation of £9k, noting that officers had contacted PSAA who had provided assurances that their fee variation process required that the agreement of the audited body was obtained before they confirm any agreement to an audit fee variation.

It was reported that in this case there had been a misunderstanding over whether the Council had agreed to the requested additional fees. PSAA had therefore reverted the 2018/19 fee variations to an undecided status and requested Grant Thornton to provide the council with additional information. Grant Thornton had subsequently provided more explanation of the reasons for the fee variation to the Chief Finance Officer.

Members were informed that the letter from Grant Thornton explaining the reasons for the fee variation was submitted to the Corporate Governance and Audit Committee for information, and the Section 151 Officer had the authority to approve any variation to the fee.

It was the wish of Members that the Section 151 Officer informs the Executive Member responsible and the Chair of the Corporate Governance and Audit before an increase in fees is agreed.

The Chair confirmed that he had met with the Section 151 officer and discussed the proposed audit fee variations for 2018/19 and 2019/20.

Members expressed the view that any additional work which was expected to result in a variation in fee should always be set out in detail in the audit plan.

Members queried what constituted additional work

In responding Mr Mills said that additional work was anything which had not been anticipated in the expected scope of works when the audit contracts had been awarded.

The Chair asked if an opinion on the 2019/20 Statement of Accounts would be available for 31st July 2020.

Mr Mills explained that Grant Thornton would plan their work to aim to issue their opinion by 31st July, but he could not provide an absolute assurance that this would be achieved. The opinion could only be issued once sufficient audit assurance had been obtained, and there was a potential for a delay if unexpected issues arose.

The Chair thanked officers for their attendance and contributions

RESOLVED –

- (i) To note and agree the nature and scope of the 2019/20 audit plan and to note the proposed audit fee presented by Grant Thornton.
- (ii) To note that following further discussions with Grant Thornton, the Chief Finance Officer had agreed their audit fee variations for 2018/19, and agreed in principle their proposed audit fee for 2019/20, subject to subsequent approval of the variation element within it by PSAA (Public Sector Audit Appointments Ltd).
- (iii) To note the outcome of the audit of the 2018/19 Housing Benefits Subsidy grant claim 2018/19.
- (iv) That the Section 151 Officer informs the Executive Member responsible and the Chair of the Corporate Governance and Audit before any future increase in fees is agreed.

56 Internal Audit Update Report November to December 2019

The Chief Officer (Financial Services) submitted a report which provided a summary of the Internal Audit activity for the period November to December 2019 and to highlight any significant failings or weaknesses.

Members noted there were 19 reports issued during the November to December 2019 period.

Referring to Housing Disrepairs, Members noted that a follow up review had been undertaken and it was considered that this was an area where significant progress had been made. A number of measures had been implemented resulting in the establishment of stronger governance arrangements and joined up working across departments.

It was suggested by Members that the issue of repairs should be raised with the tenant at the annual home visit, which would provide an opportunity to address potential areas of disrepair ahead of a claim being received

Reference was made to FMS Risk Assessment and in particular the risk of material errors arising from incorrect journal entries. Members were informed that the risk assessment had now been completed by Financial Management who were satisfied that a sound methodology had been used in undertaking the risk assessment and that compensating controls were in place.

Referring to the Review of Gifts and Hospitality, Members noted that recommendations had been agreed that would strengthen the process by ensuring that all declarations of gifts and hospitality from Directors must be subject to third party approval.

Members queried if the forms for declaring gifts and hospitality were public documents.

Members were informed that such documents were not available for public inspection.

It was noted that Internal Audit Performance was actively monitored through the use of a customer satisfaction questionnaire. Members were informed that for the period from 1 April 2019 to 31 December 2019, 34 Customer Satisfaction Questionnaires were received (25 were received during the same period last year).

Members were invited to provide any suggestions for the coverage of the Audit Plan for 2020/21.

Members asked how Leeds compared with other Core Cities in terms of resources to carry out audit work.

The Interim Head of Internal Audit suggested that some of the core cities reported more resources within their internal audit teams, however, this was explained by differences in the way that counter fraud work was organised. Members were informed that in Leeds there were a number of different teams contributing to counter fraud work across the authority.

Members requested if further information on benchmarking of resources would be provided when the Audit Plan was next presented to the Committee.

One Member queried the audit work being undertaken on the Leeds Flood Alleviation Scheme.

Members were informed that an update on the outcomes from this audit would be reported to Members once the audit had been completed.

RESOLVED –

- (i) To receive the Internal Audit Update Report covering the period from November to December 2019 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) That further information on resources be provided when the Audit Plan was next presented to the Committee

57 Work Programme 2020/21

The Head of Democratic Services presented a report of the City Solicitor which set out the ongoing Work Programme for 2020.

Following discussion at today's meeting it was agreed that the subsequent item be added to the Work Programme:

- Applications Portfolio Programme – Update on Access Project (March 2020)

Members noted that there were currently ten items of business due for consideration at the next meeting on 16th March 2020.

The Chair suggested that this was a significant amount of business for one meeting and asked officers to review the Work Programme with a view to reducing the number of items for the next meeting and to consider a possible additional meeting of the Committee.

RESOLVED –

- (i) That a report on the Applications Portfolio Programme - Update on Access Project be scheduled for the next meeting of this Committee
- (ii) That officers review the Work Programme with a view to reducing the number of items for the next meeting

58 Date and Time of Next Meeting

RESOLVED – To note that the next meeting will take place on Monday, 16th March 2020 at 10.00am in the Civic Hall, Leeds.