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**Service Director – Legal, Governance and
Commissioning**

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Thursday 2 May 2024

Notice of Meeting

Dear Member

Corporate Governance and Audit Committee

The **Corporate Governance and Audit Committee** will meet in the **Council Chamber - Town Hall, Huddersfield** at **10.00 am** on **Friday 10 May 2024**.

The items which will be discussed are described in the agenda and there are reports attached which give more details.

A handwritten signature in black ink, appearing to read "Julie Muscroft", on a light-colored background.

Julie Muscroft

Service Director – Legal, Governance and Commissioning

Kirklees Council advocates openness and transparency as part of its democratic processes. Anyone wishing to record (film or audio) the public parts of the meeting should inform the Chair/Clerk of their intentions prior to the meeting.

The Corporate Governance and Audit Committee members are:-

Member

Councillor James Homewood (Chair)
Councillor Yusra Hussain
Councillor Naheed Mather
Councillor Harry McCarthy
Councillor Melanie Stephen
Councillor John Taylor
Councillor Kath Pinnock
Chris Jones (Co-Optee)

When a Member of the Corporate Governance and Audit Committee cannot attend the meeting, a member of the Substitutes Panel (below) may attend in their place in accordance with the provision of Council Procedure Rule 35(7).

Substitutes Panel

Conservative

B Armer
D Bellamy
A Gregg
D Hall
R Smith
M Thompson

Green

K Allison
A Cooper
S Lee-Richards

Labour

B Addy
S Hall
P Moore
M Sokhal E Firth
T Hawkins
H Zaman

Liberal Democrat

PA Davies
J Lawson
A Munro
A Marchington
A Smith
A Pinnock

Ex Officio Members

Councillor Paul Davies
Councillor Elizabeth Smaje

Agenda

Reports or Explanatory Notes Attached

Pages

1: Membership of the Committee

To receive apologies for absence from those Members who are unable to attend the meeting and details of substitutions and for whom they are attending to the Committee membership.

2: Minutes of Previous Meeting

1 - 4

To approve the Minutes of the meeting of the Committee held on 19th April 2024.

3: Declaration of Interests

5 - 6

Members will be asked to say if there are any items on the Agenda in which they have any disclosable pecuniary interests or any other interests, which may prevent them from participating in any discussion of the items or participating in any vote upon the items.

4: Admission of the Public

Most agenda items take place in public. This only changes where there is a need to consider exempt information, as contained at Schedule 12A of the Local Government Act 1972. You will be informed at this point which items are to be recommended for exclusion and to be resolved by the Committee.

5: Deputations/Petitions

The Committee will receive any petitions and/or deputations from members of the public. A deputation is where up to five people can attend the meeting and make a presentation on some particular issue of concern. A member of the public can also submit a petition at the meeting relating to a matter on which the body has powers and responsibilities.

In accordance with Council Procedure Rule 10, Members of the Public must submit a deputation in writing, at least three clear working days in advance of the meeting and shall subsequently be notified if the deputation shall be heard. A maximum of four deputations shall be heard at any one meeting.

6: Public Question Time

To receive any public questions.

In accordance with Council Procedure Rule 11, the period for the asking and answering of public questions shall not exceed 15 minutes.

Any questions must be submitted in writing at least three clear working days in advance of the meeting.

7: Informing the Audit Risk Assessment for Kirklees Metropolitan Council

7 - 38

To consider the Audit Risk Assessment for Kirklees Council.

Contact: James Anderson, Head of Finance and Accountancy.

8: Kirklees Council External Audit Plan 2023-24

39 - 70

To consider Kirklees Council's External Audit Plan 2023-24.

Contact: Grant Thornton, External Auditor.

9: Proposed Amendment of arrangements for Corporate Parenting Board

71 - 80

To consider the proposed amendment of arrangements for Corporate Parenting Board.

Contact: Joel Hanna, Head of Children's Sufficiency, Resources, Improvement & Partnerships.

10: Proposed Amendments to Contract Procedure rules

81 - 116

To consider the Proposed Amendments to Contract Procedure Rules 2024.

Contact: Jane Lockwood, Head of Procurement.

11: Proposed Amendments to Financial Procedure Rules 117 - 132

To consider the proposed amendments to Financial Procedure Rules.

Contact: Martin Dearnley, Head of Audit & Risk.

12: Proposed Amendments to the Council's Constitution 133 - 146

To consider the proposed amendments to the Council's Constitution.

Contact: David Stickley, Principal Lawyer.

13: Internal Audit Annual Report for 2023/24 147 - 162

To receive the Internal Audit Annual Report 2023/24.

Contact: Martin Dearnley, Head of Audit & Risk.

14: Internal Audit Plan 2024/25 163 - 168

To receive the Internal Audit Plan 2024/25.

Contact: Martin Dearnley, Head of Audit & Risk.

15: Quarterly report of Internal Audit Q4 - January 2024 - March 2024 169 - 184

To receive the internal audit quarter 4 report, January 24 – March 24

Contact: Martin Dearnley, Head of Audit & Risk.

16: Exclusion of the Public

To resolve that under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act.

**17: Quarterly Report of Internal Audit Q4 January 2024 -
March 2024**

185 -
188

Exempt appendix in relation to agenda item 15.

Contact Officer: Nicola Sylvester

KIRKLEES COUNCIL

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Friday 19th April 2024

Present: Councillor James Homewood (Chair)
Councillor Harry McCarthy (Virtual)
Councillor John Taylor
Councillor Kath Pinnock

Co-optees Chris Jones

In attendance: Rachel Spencer-Henshall, Strategic Director, Corporate Strategy, Commissioning and Public Health,
Julie Muscroft -Service Director, Legal, Governance and Commissioning, (Virtual)
Leigh Webb - Acting Head of Governance
Martin Dearnley -Head of Risk & Internal Audit,
Councillor Graham Turner
Gareth Mills -Grant Thornton (Virtual)
Greg Charnley - Grant Thornton (Virtual)
Councillor Elizabeth Smaje (ex-Officio)

Apologies: Councillor Naheed Mather

1 Membership of the Committee

Apologies for absence were received on behalf of Councillor Naheed Mather.

2 Minutes of Previous Meeting

RESOLVED: That the minutes of the meeting held on 8th March 2024 be approved as a correct record.

3 Declaration of Interests

Councillor John Taylor declared 'an other' interest as a Member of the Democracy Commission.

4 Admission of the Public

All items were considered in public, with exception to part of agenda item 8.

5 Deputations/Petitions

There were no deputations or petitions received.

6 Implementation of Democracy Commission Recommendations update

The Committee received an update on the implementation of Democracy Commission recommendations.

Leigh Webb, Acting Head of Governance advised that the Corporate Governance and Audit Committee were central in the oversight of the work in relation to the review and examination of alternative models of governance that the Democracy Commission undertook. The Democracy Commission recommended to Council that the current Leader and Cabinet model of governance arrangements be retained. In coming to this conclusion, the Commission highlighted a number of areas for further work, particularly in relation to the development and strengthening of the existing scrutiny function; increased dialogue with Cabinet Members on key strategic issues with Members to increase transparency and develop both formal and informal engagement with members; and that a consultation be undertaken with Group Business Managers and Members, to identify any potential barriers preventing some Members being appointed to Committees/Panels such as timing, frequency, location, format of meetings with any actions appropriately co-ordinated.

A review of the Overview and Scrutiny Management Committee also took place which set out a number of changes, with a new structure being adopted by Council in May 2023.

During consideration of this item, it was noted that pre-decision scrutiny and recommendations from scrutiny panels were imperative to decision making, which should be added into officer's reports, and that pre-decision scrutiny worked well when there was open and transparency in sharing information.

RESOLVED: That the Implementation of Democracy Commission Recommendations update be noted.

7 Proposed revisions to the terms of reference for the Kirklees Health and Wellbeing Board 2024/25

The Committee received the proposed revision to the terms of reference for the Kirklees Health and Wellbeing Board 2024/25 to be referred for final approval at Council on 22nd May 2024.

Rachel Spencer-Henshall, Strategic Director, Corporate Strategy, Commissioning and Public health advised that the updated terms of reference would ensure that the Health and Wellbeing Board would meet its statutory obligations and fulfil the local and national policy commitment to partnership-based approaches to improving health and wellbeing, whilst delegating authority to the Chair for the appointment of the Deputy Chair facilitated efficient leadership with the Board.

The following proposed changes to the Terms of Reference were noted:

- Removal of the Chief Executive, Kirklees Council as a Board member,
- To delegate authority to the Chair of Health and Wellbeing Board for the appointment of a Deputy Chair from amongst its members,
- Name changes within the membership,
- Change in language to reflect the new health and care strategies.

Corporate Governance and Audit Committee - 19 April 2024

During consideration of this item, it was noted that Colleges alongside schools should be represented on the Board.

RESOLVED:

- (i) That the updated Terms of Reference for the Kirklees Health and Wellbeing Board for the year 2024/25 be approved and referred to Council on 22 May 2024,
- (ii) That delegated authority to the Chair of Health and Wellbeing Board for the appointment of a Deputy Chair from amongst its members be approved.

8 Internal Audit Plan for 2024/25 and Associated Matters

The Committee received the Internal Audit Plan for the first half of 2024/25, the Internal Audit Charter and Mandate.

Martin Dearnley, Head of Risk and Internal Audit advised the Committee that a risk-based audit plan was necessary to achieve maximum assurance from a limited level of resource and that the Internal Audit Mandate, Charter and Strategy document was in fulfilment of the requirements for the Institute of Internal Auditors Global, Internal Audit Standards and Public Sector Internal Audit Standards. It was anticipated that the proposed internal audit plan could be delivered within the envisaged resource availability.

The Committee noted that Internal Audit is a statutory obligation for local authorities and existed to provide independent assurance about the business processes for the Council. Internal Audit work was designed to provide assurance through following a programme of work to give coverage across the organisation areas of risk. The report covered the following areas:

- Audit Planning & Resourcing 2024/25
- Internal Audit Mandate, Strategy & Charter and the Global Internal Audit Standards
- Performance Standards
- Fraud Work

During consideration of this item, the Committee suggested that the housing system (CX) which was to be implemented should be included within the audit plan, and that the external audit recommendations should also be included. It was noted that the External Audit recommendations would be brought to a future meeting.

RESOLVED:

- (i) That the proposed audit plan for 2024/25 (April to September 2024/ draft October 2024 to March 2025) be approved,
- (ii) That the resourcing position of Internal Audit be noted,
- (iii) That the Head of Risk and Internal Audit be delegated authority to make changes to the Audit Plan as he considers reasonable, reflecting the needs of the organisation, subject to this being reported back to this Committee,
- (iv) That the Internal Audit Mandate, Charter and Strategy be approved,
- (v) That other matters raised in the report be noted,

(Note: at the conclusion of this item the committee resolved to move into private session to allow for further discussion of questions raised relating to individuals and passed the appropriate resolution under Section 100(A) of the Local Government

Corporate Governance and Audit Committee - 19 April 2024

Act 1972, as the information involved the disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act)

KIRKLEES COUNCIL				
COUNCIL/CABINET/COMMITTEE MEETINGS ETC				
DECLARATION OF INTERESTS				
Corporate Governance and Audit Committee				
Name of Councillor				
Item in which you have an interest	Type of interest (eg a disclosable pecuniary interest or an "Other Interest")	Does the nature of the interest require you to withdraw from the meeting while the item in which you have an interest is under consideration? [Y/N]	Brief description of your interest	

Signed: Dated:

NOTES

Disclosable Pecuniary Interests

If you have any of the following pecuniary interests, they are your disclosable pecuniary interests under the new national rules. Any reference to spouse or civil partner includes any person with whom you are living as husband or wife, or as if they were your civil partner.

Any employment, office, trade, profession or vocation carried on for profit or gain, which you, or your spouse or civil partner, undertakes.

Any payment or provision of any other financial benefit (other than from your council or authority) made or provided within the relevant period in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses.

Any contract which is made between you, or your spouse or your civil partner (or a body in which you, or your spouse or your civil partner, has a beneficial interest) and your council or authority -

- under which goods or services are to be provided or works are to be executed; and
- which has not been fully discharged.

Any beneficial interest in land which you, or your spouse or your civil partner, have and which is within the area of your council or authority.

Any licence (alone or jointly with others) which you, or your spouse or your civil partner, holds to occupy land in the area of your council or authority for a month or longer.

Any tenancy where (to your knowledge) - the landlord is your council or authority; and the tenant is a body in which you, or your spouse or your civil partner, has a beneficial interest.

Any beneficial interest which you, or your spouse or your civil partner has in securities of a body where -

- (a) that body (to your knowledge) has a place of business or land in the area of your council or authority; and
- (b) either -

the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or

if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, or your spouse or your civil partner, has a beneficial interest exceeds one hundredth of the total issued share capital of that class.



Report title: Informing the Audit Risk Assessment for Kirklees Metropolitan Council

Meeting:	Corporate Governance and Audit Committee
Date:	10 May 2024
Cabinet Member (if applicable)	N/A
Key Decision Eligible for Call In	No – n/a
Purpose of Report The report updates Members on the final accounts and audit processes for 2023/24.	
Recommendation and Reasons For Corporate Governance and Audit Committee to agree the risk assessment document, and for it to be formally submitted to Grant Thornton.	
Resource Implications: N/A	
Date signed off by <u>Strategic Director</u> & name	N/A
Is it also signed off by the Service Director for Finance?	Isabel Brittain – 29/4/2024
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft – 29/04/2024

Electoral wards affected: N/A

Ward Councillors consulted: N/A

Public or private: Public

Have you considered GDPR: Yes – there is no personal data within the budget details and calculations set out in this report and accompanying Appendices

1. Summary

- 1.1 The Council's external auditor Grant Thornton (GT) has asked that council officers complete the attached 'Informing the audit risk assessment for Kirklees Council 2023/24' (Appendix A), which consists mainly of a schedule of issues entitled:
"Question" (by GT)
"Management Response" (by KMC officers)
- 1.2 These relate to the following topics:

General Enquiries of Management
Fraud
Fraud Risk Assessment
Laws and Regulations
Impact of Laws and Regulations
Related Parties with whom the council has or records transactions
Going Concern
Accounting Estimates
Accounting Estimates - General Enquiries of Management
- 1.3 External Audit will use these assurance letters to support their overall opinion on the Audited Statement of Accounts and Annual Governance Statement which will be presented to this Committee for approval by 30 November 2024.
- 1.4 The auditors want this committee to affirm that they believe these assertions to be true (or have no reason to believe that they are untrue).
The documents are attached.
- 1.5 The structure of this report begins with an executive summary, followed by a range of Appendices. The reader will need to review these collectively in order to be informed of the overall consequences and implications.

2 Information required to take a decision

- 2.1 The Committee are invited to read the statements and assertions
- 2.2 If there are questions arising they can ask officers for an explanation.

3 Implications for the Council

- 3.1 **Council Plan**
N/A
- 3.2 **Financial Implications**
N/A
- 3.3 **Legal Implications**
N/A
- 3.4 **Other (e.g. Risk, Integrated Impact Assessment or Human Resources)**
N/A

4 Consultees and their opinions

The responses were completed by the Service Director Finance, Service Director Legal, Governance & Commissioning, Head of Accountancy, Head of Legal and Head of Risk & Internal Audit.

5. Engagement

N/A

6. Options

N/A

7. Next steps and timelines

The auditors will consider the responses and use this in providing their opinion on the Audited Statement of Accounts and Annual Governance Statement which will be presented to this Committee for approval by 30 November 2024.

8. Contact officer

James Anderson Head of Accountancy

9. Background Papers and History of Decisions

None

10. Appendices

Appendix A: Informing the audit risk assessment for Kirklees Council 2023/24

11. Service Directors responsible

Isabel Brittain

01484 221000

Julie Muscroft

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Informing the audit risk assessment for Kirklees Council 2023/24



The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Purpose

The purpose of this report is to contribute towards the effective two-way communication between Kirklees Council's external auditors and Kirklees's Council's Corporate Governance and Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Corporate Governance and Audit Committee under auditing standards.

Note - Please consider the questions in this document from both a standalone Council and Group accounts perspective.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Corporate Governance and Audit Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Corporate Governance and Audit Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Corporate Governance and Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Corporate Governance and Audit Committee and supports the Corporate Governance and Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Council's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from Kirklees Council's management. The Corporate Governance and Audit Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response
<p>1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2023/24?</p>	<p>Cost of living crisis and resulting budgetary pressures (especially energy costs, food & fuel inflation and pay award along with increased costs of borrowing). High Needs budgetary pressures, long-term net pension asset and asset valuations.</p>
<p>2. Have you considered the appropriateness of the accounting policies adopted by Kirklees Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?</p>	<p>Accounting Policies are reviewed annually for continuing appropriateness. Updates are made as necessary to bring into line with Code requirements</p>
<p>3. Is there any use of financial instruments, including derivatives? If so, please explain</p>	<p>No complex financial instruments are used. See Stat Accounts disclosures</p>
<p>4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?</p>	<p>No</p>

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	No
6. Are you aware of any guarantee contracts? If so, please provide further details	See Contingent Liabilities working paper
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	See Contingent Liabilities working paper
8. Other than in house solicitors, can you provide details of those solicitors utilised by Kirklees Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	Solicitors instructed are primarily selected from the WYLAW and other suitable framework panels of solicitors or through other PCR compliant procurement methods and a panel of insurance specialist lawyers chosen by or in agreement with our insurers. A small number of Council services instruct external solicitors directly in relation to debt recovery matters.

General Enquiries of Management

Question	Management response
9. Have any of the Kirklees Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	No
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	Treasury Management (Arlingclose) and Tax advice (PWC for VAT).
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	Yes detailed year end working papers will show any provisions.

Fraud

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Corporate Governance and Audit Committee and management. Management, with the oversight of the Corporate Governance and Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Corporate Governance and Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As Kirklees Council's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Corporate Governance and Audit Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Corporate Governance and Audit Committee oversees the above processes. We are also required to make inquiries of both management and the Corporate Governance and Audit Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from Kirklees Council's management.

Fraud risk assessment

Question	Management response
<p>1. Has Kirklees Council assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Council's risk management processes link to financial reporting?</p>	<p>There are limited areas where accounting judgements and estimates are used. These areas are identified and reviewed in conjunction with the external auditor, to mitigate the risk.</p> <p>The council has a routine internal audit plan designed to provide assurance a part of which is assessment of fraud risk. Fraud risk assessments exist for most activities. IA and its fraud team investigate customer fraud, internal and supplier fraud.</p> <p>Risk management processes identify and look to mitigate risk. Corporate risk matrices are created by senior managers, approved by Cabinet and council and linked into the budget making process at Budget Council. In year activity risk monitoring is undertaken by executive leadership team and Cabinet (Executive Board), alongside discussion of performance and budget monitoring.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>Treasury management –borrowing; (high risk high control)</p> <p>Customer fraud- means tested activity</p> <p>Cash fraud</p> <p>Mandate fraud (payment fraud subset)</p> <p>Housing Tenancy fraud- RtB, unauthorised occupancy</p> <p>Supplier fraud/(Collusion with officers)</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Kirklees Council as a whole, or within specific departments since 1 April 2023? If so, please provide details</p>	<p>None of a material basis.(minor issues re petty cash and payroll) Issues would be investigated by IA and reported to CGAC if seen as "routine". A very significant fraud would be reported through senior management, Cabinet and Council on an urgent as appropriate basis.</p>

Fraud risk assessment

Question	Management response
<p>4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>Issues would be investigated by IA and reported to CGAC if seen as “routine”. A very significant fraud would be reported through senior management, Cabinet and Council on an urgent as appropriate basis</p> <p>Fraud risk panel recently established to ascertain and address fraud risk</p>
<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within Kirklees Council where fraud is more likely to occur?</p>	<p>See above</p>
<p>6. What processes do Kirklees Council have in place to identify and respond to risks of fraud?</p>	<p>The council has a routine internal audit plan designed to provide assurance a part of which is assessment of fraud risk. IA investigate internal and supplier fraud. There is a fraud team that investigates customer fraud.</p>

Fraud risk assessment

Question	Management response
<p>7. How do you assess the overall control environment for Kirklees Council, including:</p> <ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>The Council has an internal audit function that reports to the Corporate Governance & Audit Committee (CGAC), & to management, which operates in compliance with Public Sector Internal Audit Standards(PSIAS). There is an agreed, risk based audit plan, which is reported on quarterly and is subject on an annual opinion. Although there are anticipated to be some qualifications, the 2023/24 IA opinion is that (financial) internal control arrangements are sound. The annual governance statement & quarterly review of the action plan are reported through CGAC.</p> <p>The council has a routine internal audit plan designed to provide assurance a part of which is assessment of fraud risk. IA and its fraud specialists investigate suspected fraud and suspicions.</p> <p>This risk of override of controls is deemed minimal. Senior Management are not incentivised based on financial performance. Also senior management (the Executive Team) do not have direct access to input (journal) on to the financial ledger. During 2023/24 a lack of complete control in a part of the payroll ledger was identified, and a system amendment introduced to increase the level of control</p>
<p>8. Are there any areas where there is potential for misreporting? If so, please provide details</p>	<p>See answer above (Q2), but the risk of material misstatements is deemed small</p>

Fraud risk assessment

Question	Management response
<p>9. How does Kirklees Council communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>The Council's employee handbook sets out expectation on staff conduct and ethical behaviour (issued to all new staff on the council intranet).</p> <p>There is a whistleblowing arrangements that are (reasonably well) publicised and used.</p> <p>There are procedures intended to detect inappropriate actions, such as money laundering and terrorism (as required by legislation).</p> <p>Contractual documents, tenders etc, recognise the importance of fraud mitigation and control, and procurement staff have specific training regarding this matter.</p> <p>Whistleblowing Procedures. (Records are available for inspection).</p> <p>Customer complaints processes.</p> <p>Whistleblowing, subject to triage, assessment, investigation and reporting back.</p> <p>Annual reporting of whistleblowing is reported to CGAC.</p> <p>Nothing of material significance reported in year- other than as noted elsewhere</p>
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Treasury management employees –borrowing; (high risk high control)</p> <p>Any roles handling cash</p> <p>Procurement roles/ contractor supervision</p> <p>Roles involving allocation or management of property (tenancies),</p> <p>Roles involving in management of right to buy (and other property disposals)</p> <p>Roles involving the awarding of means tested benefits, grants or assistances(individuals or corporate)</p>
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>12. How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>Related parties are recognised and assessments made. The nature of the related parties should not create any unusual risk of fraud as related party transactions are generally performed in accordance with normal council procedures.</p>

Fraud risk assessment

Question	Management response
<p>12. What arrangements are in place to report fraud issues and risks to the Corporate Governance and Audit Committee?</p> <p>How does the Corporate Governance and Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>Reported as a matter of routine to CGAC (and in other government return). See earlier responses..</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>All Whistleblowing or those of the nature of WB are investigated, including those that are anonymous.</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>No</p>

Law and regulations

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Corporate Governance and Audit Committee, is responsible for ensuring that Kirklees Council's operations are conducted in accordance with laws and regulations, including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Corporate Governance and Audit Committee as to whether the body is in compliance with laws and regulations. Where we become aware of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Kirklees Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?</p>	<p>The Monitoring Officer (Director of Legal, Governance and Commissioning) and the Head of Legal services have procedures in place to monitor statutory compliance on all obligations, proposals and initiatives.</p> <p>The Monitoring Officer and colleagues in Legal Services and Insurance provide updates on ongoing and potential litigation and claims.</p> <p>No.</p>
<p>2. How is the Corporate Governance and Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>By reporting from the above to the Council, Cabinet and Executive Team.</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2023 with an on-going impact on the 2023/24 financial statements? If so, please provide details</p>	<p>Yes, relating to minor matters relating to failure to comply with FPRs; laws and regulations; These have been reported to Council/Cabinet/Executive Team/CGAC as appropriate. We are not aware that any of these will have any material ongoing impact on the financial statements for 2022/23</p>
<p>4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details</p>	<p>No items that would materially affect the 23/24 accounts.</p>

Impact of laws and regulations

Question	Management response
5. What arrangements does Kirklees Council have in place to identify, evaluate and account for litigation or claims?	The Monitoring Officer and colleagues in Legal Services and Insurance provide updates on ongoing and potential litigation and claims.(including raising awareness with senior management)
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	The Housing Regulator has raised some concerns about matters related to fire safety , mould and damp.

Related Parties

Matters in relation to Related Parties

Kirklees Council are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

- bodies that directly, or indirectly through one or more intermediaries, control, or are controlled by Kirklees Council;
- associates;
- joint ventures;
- a body that has an interest in the authority that gives it significant influence over the Council;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Council, or of any body that is a related party of the Council.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the [type of body]'s perspective but material from a related party viewpoint then the Council must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in Kirklees Council's 2023/24 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> • the nature of the relationship between these related parties and Kirklees Council • whether Kirklees Council has entered into or plans to enter into any transactions with these related parties • the type and purpose of these transactions 	<p>See 2022/23 financial Statements. Work to re-confirm related parties and transactions to support disclosures in the 2023/24 Financial Statements is in progress.</p>
<p>2. What controls does Kirklees Council have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>Forms to disclose Directorships. Letters to all councillors (or emails as appropriate) to remind them annually to update interests.</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>As there are limited real associated parties- these controls arise through the normal course of business and by normal decision making- eg through Cabinet – in all other cases (eg KSDL)</p>
<p>What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>The Council does not undertake transactions outside of the normal course of business.</p>

Going Concern

Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the body's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for local government bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

Going Concern

Question	Management response
<p>1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by Kirklees Council will no longer continue?</p>	<p>The Council has set a balanced budget for 2024/25. Although there are significant reductions in usable reserves (as a result of the 23/24 expected overspend and to balance the 24/25 budget) overall reserves levels are considered adequate at this stage. Savings target will need to be achieved and progress against this will be monitored.</p> <p>Monthly financial monitoring will be produced, alongside KPI monitoring and specific monitoring on a rag rating basis for the delivery of savings.</p>
<p>2. Are management aware of any factors which may mean for Kirklees Council that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?</p>	<p>No. The Council's continued participation in the safety valve (SV) programme has been recently confirmed by the DfE.</p>
<p>3. With regard to the statutory services currently provided by Kirklees Council does Kirklees Council expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for Kirklees Council to cease to exist?</p>	<p>Yes, the Council expects to continue delivery of all statutory services.</p>
<p>4. Are management satisfied that the financial reporting framework permits Kirklees Council to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?</p>	<p>Yes, management are satisfied that the Council continues to be a going concern. Please see detailed disclosures in the S151 Positive Assurance statement in the recent Council Budget report for 2024/25.</p>

Accounting estimates

Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the body's risk management process identifies and addresses risks relating to accounting estimates;
- The body's information system as it relates to accounting estimates;
- The body's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and

• Evaluate how management made the accounting estimates?

• We would ask the Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	Valuation, depreciation and impairment of non-current assets (including PFI). Valuation of defined benefit net pension liability.
2. How does the Council's risk management process identify and address risks relating to accounting estimates?	Annual risk assessment, identifying and addressing risks as part of closedown processes.
3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	Use of guidance materials: CIPFA Code of Practice, RICS.
4. How do management review the outcomes of previous accounting estimates?	Assessed as part of annual closedown procedures. Historic valuations assessed against subsequent sales proceeds as part of year-end assurance/valuation process.
5. Were any changes made to the estimation processes 2023/24 and, if so, what was the reason for these?	None as yet.

Accounting Estimates - General Enquiries of Management

Question	Management response
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	Technical experts utilised where appropriate eg use of in-house (or external if required) experts for land/property valuations.
7. How does the Council determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	In discussion internally within the finance function and externally with regional technical accountants groups and audit.
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	Management review the output and the underlying assumptions underpinning them, challenging any discrepancies.
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements.	Accounting estimates are discussed at Corporate Governance & Audit Committee, as part of the approval of financial statements. External audit reports also provide a focus on the key areas (asset valuations and pensions liability). Financial Statements training sessions provided to members have also incorporated these areas.

Accounting Estimates - General Enquiries of Management

Question	Management response
<p>10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?</p>	<p>No new items for 2023-24 Financial Statements. Ongoing issues re non-current asset valuations.</p>
<p>11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?</p>	<p>Accounting estimates are kept under review throughout the year by the central accountancy team and, formally reviewed each year by the Head of Accountancy and Service Director- Finance in preparation of the financial statements.</p>
<p>12. How is the Corporate Governance and Audit Committee provided with assurance that the arrangements for accounting estimates are adequate ?</p>	<p>Covered as part of the external audit work and reporting.</p>

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuations	CIPFA Code of Practice and RICS valuation guidance	Valuations compared to net book values	Yes	No uncertainty or alternative estimate	No
Council dwelling valuations	CIPFA Code of Practice, Valuation of Housing Stock guidance and RICS valuation guidance	Valuations compared to net book values	Yes	No uncertainty or alternative estimate	No
Investment property valuations	CIPFA Code of Practice and RICS valuation guidance	Valuations compared to net book values	Yes	No uncertainty or alternative estimate	No
Depreciation	CIPFA Code of Practice component accounting	Comparatives each year	No	No uncertainty or alternative estimate	No

A1

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Valuation of defined benefit net pension fund asset/liabilities	The liability estimate is calculated by an actuarial expert, taking into account changes in retirement ages, mortality rates and discount rates.	The actuary selects the assumptions and management reviews the reasonableness of these assumptions. An actuary advises on the accounting estimates	Yes	The Pension Fund provides data on pension benefits and membership numbers, to enable the actuary to undertake their estimate. An actuary advises on the accounting estimates. Management review the assumptions and officers discuss these assumptions and underlying estimation techniques with the West Yorkshire Technical Accountants Group, to ensure a consistent view.	No
Fair value disclosures of debt instruments	Fair values calculated using discounted rates for debt instruments	Officers review reasonableness of air values to book value	Yes, Arlingclose	Impact of 1% rise and fall considered and disclosed	No
Credit loss allowance	CIPFA Code of practice Expected credit loss using simplified approach	Officers review reasonableness of provision	No	Estimates based on assumptions of likely cashflows and probabilities of default. Degree of uncertainty limited to knowledge of current defaults.	No
PFI Liabilities	CIPFA Code of Practice PFI model	The source information is the original contractor's model updated for current and known future changes, plus current information based on the annual unitary payment.	No	The accounting model and the basis on which all assumptions are made are reviewed on an annual basis. Changes to the Code of Practice are also reviewed for all relevant developments in relation to PFI accounting. In addition to this, specific changes to each of the individual contracts are monitored to ensure that their impact is reflected in the accounting model.	No

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Kirklees Council 2023-24 Audit Plan

Year ending 31 March 2024

9 April 2024



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls.

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1. Key matters

National context

The national economic context continues to present challenges to the local government sector. There are increasing cost pressures nationally, such as a growing population and increasing demand for local government services, especially in adult and children's social care. Combined with inflationary pressures, pay demands and energy price rises, the environment in which local authorities operate is highly challenging. Local Government funding continues to be stretched and there have been considerable reductions in the grants received by local authorities from government.

Recently, we have seen the additional strain on some councils from equal pay claims, and there has been a concerning rise in the number of councils issuing s114 notices. These are issued when a council's Chief Financial Officer does not believe the council can meet its expenditure commitments from its income. Additionally, the levels of indebtedness at many councils is now highly concerning, and we have seen commissioners being sent in to oversee reforms at a number of entities.

Our recent value for money work has highlighted a growing number of governance and financial stability issues at a national level, which is a further indication of the mounting pressure on audited bodies to keep delivering services, whilst also managing transformation and making savings at the same time.

In planning our audit, we have taken account of this national context in designing a local audit programme which is tailored to your risks and circumstances.

Key matters

Local context

The Council set a balanced revenue budget for 2023-24 and at the end of quarter 3, was forecasting a £10m adverse variance to its plan to deliver a balanced position. Albeit, this position represents a continued improvement from earlier in the year, with the forecast deficit having reduced over the course of the year from £20m at quarter 1 and £16m at quarter 2. Management has communicated that a key reason for the improvement in the forecast outturn relates to the restructuring and reprofiling of MRP charges, which we expect to consider in detail during our audit fieldwork procedures. We understand that the Council is on track to achieve its savings target of £19.8m. All of these savings have been badged as recurrent as permanent reductions in the Council's revenue budget. The budgeted position includes the use of £31m of general fund reserves, comprising £6.4m earmarked and £24.6m unearmarked. As at 31st March 2023 general fund reserves totalled £84m (excluding statutory reserves) comprising earmarked reserves of £37m and general reserves of £47m. Should the £10m adverse to plan deficit at outturn occur, it could be expected that the Council will be left with c£23m of general reserves (unearmarked) as at the 31 March 2024.

At month 11, the Dedicated Schools Grant (DSG) in-year position was reported as being £16.9m adverse to plan. Due to the DSG Safety Value agreement in place, the adverse position could impact the level of funding received. There continues to be demand pressures specifically in respect of the High Needs block which is in common with many other unitary authorities. In March 2024, the Council agreed a revised deal with the Department for Education, which extends the Safety Valve agreement to 2030, extended the period over which the £33.5m of support funding is being provided.

In our 2022-23 value for money report, we highlighted that the Council may opt to close a number of care homes as part of its delivery of savings. At the time of writing, we understand that the internal decision making process remains ongoing with the potential for two care homes to be closed. It was also understood that the existing leisure centre provision may also be reduced, with Cleckheaton Town Hall and Batley Library also set to be closed shortly. Following public consultation into early 2024, we understand that no leisure centre closures will be enacted aside from Dewsbury Sports Centre which is set to remain closed due to the presence of Reinforced Autoclaved Aerated Concrete, the presence of which indicates that the current building is unsafe.

The 2024-25 budget was approved at Full Council on 6 March 2024. A balanced budget was presented in line with statutory requirements. The position includes additional funding of £9.4m from West Yorkshire Combined Authority, savings schemes totalling £34.5m, £11m drawdown from reserves, and an increase to council tax of 4.99%. We understand that this leaves a remaining balance of unallocated (general) reserves at £22.3m; equivalent to 6.7% of net revenue budget. Key savings identified include review and potential revisions to adult social care packages including direct payments (£3m), integrating community libraries into existing customer service centres (£1m), increasing collection of adult social care top-up contributions from individuals (£2.6m), buildings estate rationalisation (£0.8m), car parking tariff increases (£1m), reduction in agency spend (£0.7m), highways fees and charges review (£0.8m), public health grant utilisation (£1.3m). The savings requirement for 2024-25 of £34.5m represents 9.2% of the 2023-24 net revenue budget.

The Council set a capital budget of £181m for 2023-24, which is after being revised downwards and re-profiled following the 2024-25 budget setting. The impact of the overall fall of £28m from the original budget has resulted in the Council not requiring £14m of external borrowing and £11.5m of capital grants/s106 contributions can now be utilised in a future period. This is expected to have a favourable impact on the revenue position due to lower interest charge. At quarter 3, the capital outturn is expected to be £178m with slippage of £2.7m (or 2% of the revised budget). This is higher than the projected outturn indicated based on historic trends at £156m. We understand from officers that the actual outturn is expected to lie between the £156m and £178m.

Key matters - continued

Local context (continued)

The level of Council borrowings has continued to increase during 2023-24, with an extra £100m taken, as the Council reduces reliance on internal borrowing and accelerates with the implementation of its regeneration capital programme. We understand that there has been a continued shift to balancing the loan book towards a higher proportion of medium- and long-term borrowings to ensure a balanced approach to managing interest rate risk. It is expected that the Council will take a similar level of additional borrowing (c£100m) in 2024-25. The Council held over £600m of external borrowings at 31 March 2023, with the long-term element computed to be equal to c28% of long-term liabilities. Over 20 unitary councils were considered as part of our analysis with Kirklees ranking close to the median in respect of the ratio described.

Our Responses

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set out in this Audit Plan has been agreed with the Service Director for Finance.
- To ensure close work with our local audited bodies and an efficient audit process, our preference as a firm is work on site with or to develop a hybrid approach of on-site and remote working. We ask for confirmation that this is acceptable to you, and that officers will make themselves available to the audit team, as required. This is also in compliance with our delivery commitments in our contract with PSAA.
- As in prior years we will continue to meet with the S151 Officer and their senior finance team on a quarterly basis as part of our commitment to keep you fully informed on the progress of the audit, along with quarterly meetings with the Chief Executive and Monitoring Officer.
- We will continue to meet informally with the Chair of your Corporate Governance and Audit Committee, to brief them on the status and progress of the audit work to date.
- We will consider your arrangements for managing and reporting your financial resources as part of our audit in completing our Value for Money work. Our value for money work will also consider your arrangements relating to governance and improving economy, efficiency and effectiveness.
- We will continue to provide you and your Corporate Governance and Audit Committee with sector updates providing our insight on issues from a range of sources and other sector commentators via our Audit Committee updates.
- We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretations, to discuss issues with our experts and to facilitate networking links with other audited bodies to support consistent and accurate financial reporting across the sector.
- With the ongoing financial pressures being faced by local authorities, in planning this audit we have considered the financial viability of the Council. We are satisfied that the going concern basis remains the correct basis behind the preparation of the accounts. We will keep this under review throughout the duration of our appointment as auditors of the Council.

We will consider implementation of our audit recommendations raised in the prior period, both in respect of the financial statements and value for money, and give a view on progress against these recommendations in our Audit Findings (ISA 260) report and Auditor's Annual report both targeted to be published by the end of the 2024 calendar year.

2. Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Kirklees Council ('the Council') for those charged with governance.

Respective responsibilities

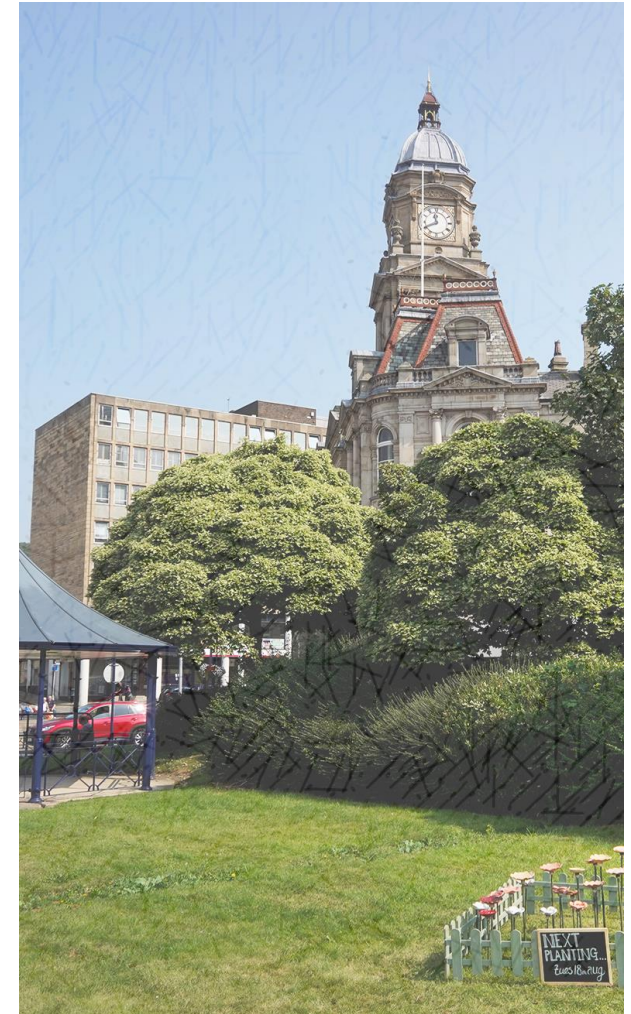
The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. The NAO is in the process of updating the Code to make provision for the local authority accounts backstop legislation. Since the Kirklees Councils accounts opinions and the value for money work is up to date, this is not expected to impact on the scope and timing of our 2023-24 audit work.

Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the Council. We draw your attention to these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council and group's financial statements that have been prepared by management with the oversight of those charged with governance (the Corporate Governance and Audit Committee); and we consider whether there are sufficient arrangements in place at the Council and group for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or the Corporate Governance and Audit Committee of their responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities. Our audit approach is based on a thorough understanding of the Council's business and is risk based.



Introduction and headlines

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of controls
- Valuation of pension fund net balance (early indications are that it will be a net pension surplus in 2024 as it was in 2023)
- Closing valuation of land & buildings (including council dwellings)
- Closing valuation of investment properties

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report targeted for November 2024.

Group Audit

The Council is required to prepare group financial statements that account for the financial information of its joint venture, Kirklees Stadium Development Limited (KSDL), on an equity basis. Further details on our proposed group audit approach are set out on page 13.

Materiality

We have determined planning materiality to be £16.25m (PY £16.25m) for the group and £16.2m (PY £16.2m) for the Council, which equates to 1.35% of your gross operating costs for the prior year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £0.81m (PY £0.81m).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has identified the following ongoing risks of significant weakness:

- Financial Sustainability: Dedicated Schools Grant (DSG) overspend and dealing with the accumulated deficit position
- Financial Sustainability: restoring medium term financial balance.

We will continue to update our risk assessment until we issue our Auditor's Annual Report, which we are targeting to present to the Corporate Governance and Audit Committee by the end of the 2024 calendar year.

Audit logistics

Our planning work commenced in March 2024 and will continue into April. Our final accounts work will begin in July 2024 and continue into the autumn. Our key deliverables are this Audit Plan, our Audit Findings (ISA260) Report and our Auditor's Annual Report on the Council's VFM arrangements.

Our proposed fee for the audit will be £440,608 (PY: £212,596) for the Council, subject to the Council delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

3. Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Relates to	Reason for risk identification	Key aspects of our proposed response to the risk
ISA240 revenue risk – risk of fraud in revenue recognition	Group and Council	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.	Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including the Council, mean that all forms of fraud are seen as unacceptable. Therefore we do not consider this to be a significant risk for the Group or Council.
Risk of fraud related to expenditure recognition (PAF Practice Note 10)	Group and Council	In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period)	We have rebutted this presumed risk for the Council because: <ul style="list-style-type: none"> • expenditure is well controlled and the Council has a strong control environment • there is little incentive to manipulate expenditure for the Council where services are provided to the public through taxpayers funds • there are plans in place for the Council to deliver savings and rebase its delivery of non-statutory services, indicating a culture of officers dealing with the challenges faced by the Council head on, which is considered incompatible with the deliberate suppression of expenditure • the Council requires cash to meet its payroll and third-party payment obligations and therefore any manipulation of expenditure between accounting periods does not generate any clear financial benefits • the Council has clear and transparent reporting of its financial plans and financial position to the Council. Therefore we do not consider this to be a significant risk for the Group or Council.

Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty.’ (ISA (UK) 315)

Significant risks identified - continued

Risk	Relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	Council only	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.	<p>We will:</p> <ul style="list-style-type: none"> • make inquiries of finance staff regarding their knowledge of potential instances of management override of controls • evaluate the design effectiveness of management controls over journals. This will include the controls management has in place to review journal postings • analyse the journals listing and determine the criteria for selecting high risk unusual journals This will include criteria relating to journals which have not been authorised • perform a risk-based interrogation of the financial ledger to identify any unusual and potentially fraudulent transactions for testing • test unusual journals identified through the application of our risk-based approach for appropriateness and corroboration • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions • examine journals and manual entries made around the time of the preparation of the draft financial statements for appropriateness and corroboration • understand the ledger integration with relevant sources and sub-systems to identify how management may be able to intervene in the journals posting process and post fraudulent entries.

Management should expect engagement teams to challenge areas that are complex, significant or highly judgmental. This may be the case for accounting estimates and similar areas. Management should also expect to provide to engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies, with reference to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Significant risks identified - continued

Risk	Relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings and council dwellings	Council	<p>The Council re-values its land and buildings on a rolling five-yearly basis in line with the Code requirements.</p> <p>This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (some £1.35bn for land & buildings and council dwellings) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified the closing valuation of land and buildings and council dwellings, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>The Council holds both specialised and non-specialised buildings within its portfolio. The specialised assets comprise schools and leisure centres among others. The valuation approach is depreciated replacement cost (DRC) with the key valuation assumptions being the rebuild cost, building size and adjustments for obsolescence (buildings age, condition & functionality). The council also holds non-specialised assets such as car parks and offices. Council dwellings are also considered non-specialised. These valuations may be undertaken with reference to observable open market values for similar land & buildings or using a capitalisation of income approach.</p> <p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluate the competence, capabilities and objectivity of the valuation expert • discuss with the valuer the basis on which the valuation was carried out • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding • engage our own auditor's expert valuer to assess the instructions issued to the Council's valuer, the Council's valuer's report and the assumptions that underpin the valuation • test, on a sample basis, revaluations made during the year to see if they had been input correctly into the Council's asset register • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end • consider, where the valuation date is not 31 March 2024 for assets valued in year, the arrangements management has used to ensure the valuation remains materially appropriate at 31 March 2024 • agree, on a sample basis, the internal floor areas (GIAs) to records held by the estates management function • for non-specialised properties valued on the existing use value (EUV) basis, obtain market comparables to assess the appropriateness of market rents and yields selected by management's expert and used in the valuation calculations.

Significant risks identified - continued

Risk	Relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of investment properties	Council	<p>The Council re-values its investment property portfolio annually for in line with the Code requirements.</p> <p>This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (some £100m) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value of investment property in the Council's financial statements is not materially different from the fair value at the financial statements date, where an alternative valuation reference date is used.</p> <p>We therefore identified the closing valuation of investment property, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>The Council holds a mixed commercial property and land within its investment property portfolio including retail, industrial and offices. Over 75% of investment property (by value) is understood to be land. These valuations may be undertaken with reference to observable open market values for similar land and buildings or using a capitalisation of income approach.</p> <p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluate the competence, capabilities and objectivity of the valuation expert • discuss with the valuer the basis on which the valuation was carried out • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding • engage our own auditor's expert valuer to assess the instructions issued to the Council's valuer, the Council's valuer's report and the assumptions that underpin the valuation • test, on a sample basis, revaluations made during the year to see if they had been input correctly into the Council's asset register • consider, where the valuation date is not 31 March 2024 for assets valued in year, the arrangements management has used to ensure the valuation remains materially appropriate at 31 March 2024 • agree, on a sample basis, the internal floor areas (GIAs) to records held by the estates management function • review the classification of investment property assets for consistency with the Code and IPSAS 16 definition. Under the definition, an investment property is one that is used solely to earn rentals or for capital appreciation or both. This procedure is not expected to directly inform our work on the valuation of investment property (significant risk) but remains a key audit procedure nonetheless. • for investment properties valued on a fair value (FV) basis, obtain market comparables to assess the appropriateness of market rents and yields selected by management's expert and used in the valuation calculations.

Significant risks identified - continued

Risk	Relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net balance	Council	<p>The Council's pension fund net balance, as reflected in its balance sheet, represents a significant estimate in the financial statements.</p> <p>The pension fund net balance is considered a significant estimate due to the size of the numbers involved (gross asset and liability of £2.3bn in 2023) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified the valuation of the Council's pension fund net balance as a significant risk of material misstatement.</p> <p>West Yorkshire Pension Fund reported a surplus position as at 31 March 2023, which resulted in a net pension asset of £15m for the first time as reported in the Council's signed 2022-23 balance sheet.</p> <p>A key aspect of our work planned for 2023-24 will be to consider whether this position remains supported by fund-level assumptions and market-based factors.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net balance is not materially misstated and evaluate the design of the fund assets valuation in the pension fund financial statements and associated controls • evaluate the instructions issued by management to their management expert (Aon) for this estimate and the scope of the actuary's work • assess the competence, capabilities and objectivity of the actuary (Aon) who carried out the Authority's pension fund valuation • assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the net pension balance • test the consistency of the pension fund figures and disclosures in the draft financial statements with the actuarial report from the actuary • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report • obtain assurances from the auditor of the West Yorkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the Council • evaluate the continued appropriateness of recognising a pension asset position against the Code and IFRIC 14 criteria • assess the calculation performed to identify the IFRIC 14 net pension asset ceiling and where appropriate, challenge management on the validity and appropriateness of the assumptions used in the calculation including the existence of a minimum funding requirement, the future lifetime of the scheme (in years) and the level of future funding contributions (as a % of payroll costs). • review the accounting for any unfunded liability element of LGPS including where this has been offset against the net funded LGPS balance.

4. Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Individually Significant?	Level of response required under ISA (UK) 600	Risks identified	Planned audit approach
Kirklees Council	Yes	<p>Full audit of the Kirklees Council accounts as the significant component within the Group.</p> <p>Audit of the financial information of the component using component materiality.</p>	Please refer to the significant risks identified in section three of this Audit Plan.	Full scope audit performed by Grant Thornton UK LLP.
Kirklees Stadium Development Limited (KSDL)	No	Specified audit procedures relating to the valuation of the joint venture accounted for on an equity basis in the Group balance sheet.	Valuation of the Council's share of the net assets of KSDL. Note that whilst we have identified a potential risk of material misstatement at group level, this is not considered to give rise to a significant risk.	<p>Full scope audit performed by Revell Ward Ltd. We do not plan to directly rely on the work of KSDL's auditor.</p> <p>The IFRS valuation of the John Smith stadium will be reviewed as part the specified group audit procedures. This is the only balance in KSDL that the group engagement team considers may give rise to a risk of material misstatement at Group level.</p>

Audit scope

- Audit of the financial information of the component using component materiality
- Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements
- Review of component's financial information
- Specified audit procedures relating to risks of material misstatement of the group financial statements
- Analytical procedures at group level

5. Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements;
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act);
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act;
 - issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

6. Progress against prior year audit recommendations

We identified the following issues in our 2022-23 audit of the group and Council's financial statements, which resulted in two recommendations being reported in our Audit Findings (ISA260) Report. We have followed up on our recommendations below:

Issue and risk previously communicated

Management update on actions taken to address the issue

1. Related Party Disclosures

During the performance of our prior year audit procedures, we identified that several Council members held financial interests in companies that were not notified to the Finance team. This presented a risk that the Related Party disclosures in the financial statements were incomplete.

We recommended that a review be conducted of the process for gathering all relevant information that may need to be included in the Related Party disclosure note. We also noted that where members declarations were not received, management should consider investigating any possible financial interests held by members using publicly available information.

The process is currently under management review.

(April 2024)

2. Publication of the draft financial statements

In 2022-23, the draft financial statements were due to be published by 31 May 2023 and the audited financial statements (or appropriate notification) by 30 September 2023.

We understand that management took the decision to publish the draft financial statements by 30 June 2023 in line with their existing timetable, rather than bringing this forward by a month.

We recommended following the 2022-23 audit, that management should have regard for the nationally-set publication deadline and working towards revising its accounts production timetable accordingly.

Given the increased resource required to satisfy external audit requirements, notably on the number and frequency of asset valuations, along with delays in receiving information from valuers; officers are unable to meet the 31 May deadline. Officers have reflected this view in recent government consultations. Officers have also communicated that they would work to a 30 June deadline and have agreed the audit timetable with external audit to commence in July.

(April 2024)

7. Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Description

Planned audit procedures

Determination

We have determined financial statement materiality based on a proportion of the gross expenditure of the group and the Council for the financial year. Materiality at the planning stage of our audit is £16.2m, which equates to 1.35% of your draft gross expenditure for the prior period.

We determine planning materiality in order to:

- establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements;
- assist in establishing the scope of our audit engagement and audit tests;
- determine sample sizes and
- assist in evaluating the effect of known and likely misstatements in the financial statements.

Other factors

An item does not necessarily have to be large to be considered to have a material effect on the financial statements. An item may be considered to be material by nature where it may affect instances when greater precision is required.

We have identified senior officer remuneration as a balance where we will apply a lower materiality level, as these are considered sensitive disclosures. We have set a materiality of £20k.

Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality. We will reconsider materiality upon receipt of the draft financial statements. Should we opt to adjust audit materiality, we shall communicate this with you.

Other communications relating to materiality we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Corporate Governance and Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance.

We report to the Corporate Governance and Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Group and Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.81m (PY £0.81m).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Corporate Governance and Audit Committee to assist it in fulfilling its governance responsibilities.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

	Council (single-entity) (£)	Group (£)	Qualitative factors considered
Materiality for the financial statements	16.2m	16.25m	This equates to 1.35% of the Council's Gross Expenditure on Cost of Services for 2022-23.
Performance materiality	11.3m	11.35m	This has been set at 70% of headline materiality, which is in line with the prior year. This reflects the fact that the Council has a stable financial reporting team with a track record of preparing good quality financial statements, supporting working papers and engaging well throughout the audit process.
Trivial matters	0.81m	0.81m	This equates to 5% of headline materiality and represents our threshold for reporting corrected and uncorrected misstatements to the Corporate Governance & Audit Committee.
Materiality for specific transactions, balances or disclosures - senior officer remuneration.	20k	20k	The senior officer remuneration disclosures in the financial statements have been identified as an area requiring a specific materiality due to their sensitive nature.

8. IT audit strategy

In accordance with ISA (UK) 315 Revised, we are required to obtain an understanding of the relevant IT and technical infrastructure and details of the processes that operate within the IT environment. We are also required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design and implementation of relevant ITGCs.

The following IT system has been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the level of assessment required. We will keep this under review as the audit progresses and update our understanding if there are additional IT systems within the scope of the audit.

We will report to you including our assessments and findings (as applicable) in our Audit Findings (ISA260) Report targeted for November 2024.

IT system	Audit area	Planned level IT audit assessment
SAP	Financial reporting, payroll, accounts payable and receivable	<ul style="list-style-type: none">• Detailed ITGC assessment design effectiveness• Application controls assessment• Test the design and implementation of the ITGCs• Follow up on IT related recommendations raised in the previous audit• Review of cybersecurity controls.

9. Value for Money arrangements

Approach to Value for Money work for the period ended 31 March 2024

The National Audit Office issued its latest Value for Money guidance to auditors in January 2023. The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body's arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the body ensures that it makes informed decisions and properly manages its risks.



10. Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed in the table overleaf, along with the further procedures we will perform. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out below.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements.

Risks of significant VFM weaknesses – continued

The Audit Code sets out that the auditor’s work is likely to fall into three broad areas:

- planning;
- additional risk-based procedures and evaluation; and
- reporting.

We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. A key part of this is the consideration of prior year significant weaknesses and known areas of risk which is a key part of the risk assessment for 2023-24. We set out our reported assessment below:

Criteria	2022-23 Auditor judgement on arrangements informing our initial risk assessment	Additional risk-based procedures planned
Financial sustainability	<p>Red</p> <p>Financial Sustainability is an area of significant weakness which was carried forward from 2021-22 into 2022-23. In 2022-23 we reported that, this remains highly challenging for the Council although progress has been made. In addition, there is a further significant weakness resulting from the Council falling behind on its original plan to manage the deficit on the Council’s Dedicated Schools Grant budget (impacted by increasing demand). A revised plan was being developed in dialogue with DfE.</p> <p>The two significant weakness resulted in two key recommendations in respect of taking appropriate actions to restore sustainable financial position in the medium term and to address the shortfall in the Dedicated Schools Grant (DSG) recovery plan. We also raised 3 improvement recommendations around developing and realising savings plan and implementing the transformation workstreams.</p>	<p>We will follow up progress against the key recommendations and improvement recommendations made and ensure that our work assesses the current arrangements in place.</p>
Governance	<p>Amber</p> <p>No significant weakness in arrangements identified, however, two improvement recommendations raised which were to consider the appointment of an additional appropriately qualified independent councillor to the Corporate Governance & Audit Committee (CGAC) and to review arrangements in place in respect of the implementation and follow up of improvement recommendations.</p>	<p>We will follow up progress against the improvement recommendations made and ensure that our work assesses the current arrangements in place.</p>
Improving economy, efficiency and effectiveness	<p>Amber</p> <p>No significant weakness in arrangements identified but one improvement recommendation was made highlighting the potential for more effective use of data and insights at the Council.</p>	<p>We will follow up progress against the improvement recommendations made and ensure that our work assesses the current arrangements in place.</p>

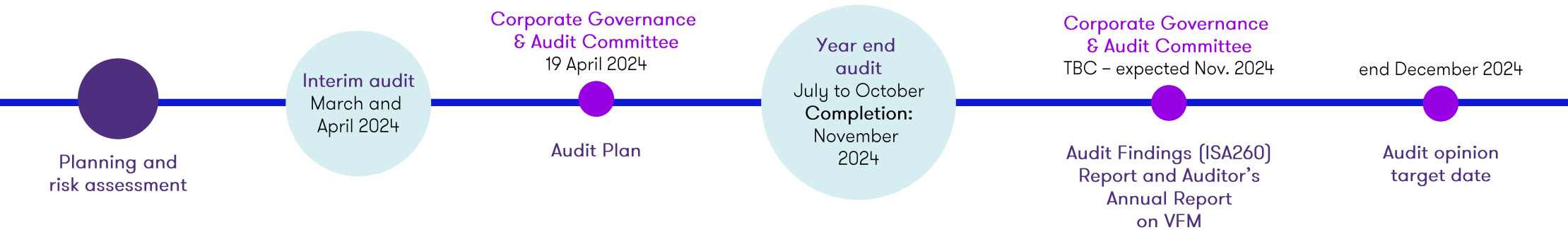
G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

Risks of significant VFM weaknesses – continued

Since we reported on 2022-23, we have undertaken our detailed planning work and identified risks of possible significant weakness in relation to your 2023-24 arrangements. This means that we will continue our review of your arrangements and undertake additional procedures as necessary relating to the risks identified in our planning. We have detailed our preliminary risk assessment for 2023-24 below.

Criteria	Risk of significant weakness identified from the planning work	Additional risk-based procedures planned
Financial sustainability	<p>Our 2022-23 Auditor’s Annual Report identified a significant weakness in respect of the Dedicated Schools Grant (DSG) overspend and the Council’s medium term financial sustainability.</p> <p>Two key audit recommendations were reported following conclusion of our prior year work. At the planning stage, we have identified that risks of significant weaknesses exist on the basis of the £10m revenue deficit reported at quarter 3, a highly material savings strategy for 2024-25 totalling £34.5m (representing 9.2% of the net revenue budget) and an adverse DSG position of £16.9m at month 11 in 2023-24. We have therefore identified a continuing risk of significant weakness in the Council’s arrangements to secure financial sustainability over the medium term and the Dedicated Schools Grant (DSG) deficit.</p>	<p>In addition to our work on risks identified at planning, we will follow up on the progress you have made against the key recommendations and improvement recommendations made in 2022-23 and ensure that our work assesses the current arrangements in place.</p>
Governance	No risk of significant weakness identified.	<p>We will undertake sufficient work to ensure that we have documented our understanding of the arrangements in place as required by the Code of Audit Practice. We will also follow up on the progress you have made against the improvement recommendations raised in 2022-23 and ensure that our work assesses the current arrangements in place.</p>
Improving economy, efficiency and effectiveness	No risk of significant weakness identified.	<p>We will undertake sufficient work to ensure that we have documented our understanding of the arrangements in place as required by the Code of Audit Practice. We will also follow up on the progress you have made against the improvement recommendations raised in 2022-23 and ensure that our work assesses the current arrangements in place.</p>

11. Audit logistics and team



Gareth Mills, Key Audit Partner and Engagement Lead

Provides oversight of the delivery of the audit including regular engagement the Corporate Governance Audit Committee and senior management.



Greg Charnley, Engagement Senior Manager

Plans and manages the delivery of the audit including regular contact with senior management. The key point of contact for the Council's finance team.

Sam Danielli, Engagement Assistant Manager

Sam is the key audit contact responsible for the day to day management and delivery of the audit work.

Audited Entity responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audited bodies. Where the elapsed time to complete an audit exceeds that agreed due to an entity not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to an entity not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to :

- ensure that you produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are cleansed, are made available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available throughout the agreed period of the audit fieldwork (as per our responses to key matters set out on page 5)
- respond promptly and adequately to audit queries.

12. Audit fees and updated Auditing Standards

Audit fees are set by PSAA as part of their national procurement exercise. In 2017, PSAA awarded a contract of audit for Kirklees Council to begin with effect from 2018-19. This contract was re-tendered in 2023 and Grant Thornton has been re-appointed as your auditors. The scale fee set out in the PSAA contract for the 2023/24 audit is £425,058.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor’s annual report for the previous Audit Year (exception for new clients in 2023/24 only)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed.

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here <https://www.psa.co.uk/appointing-auditors-and-fees/fee-variations-overview/>

Assumptions

In setting these fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

Audit fees

Proposed fee 2023-24

Kirklees Council Scale Fee (per PSAA contract)	£425,058
Increased audit requirements of ISA 315 Revised – “Identifying and assessing the Risks of Material Misstatement” – (new controls requirement not included in the PSAA tender submission)	£12,550
Engagement of auditor’s external expert in respect of the valuation of other land & buildings, council dwellings, and investment property	£3,000
Total audit fees (excluding VAT)	£440,608

Previous year

In 2022-23 the scale fee set by PSAA was £145,346 in addition to a PSAA-determined inflation adjustment of £7,558, totalling £152,904. The actual fee charged for the audit was £212,596.

Relevant professional standards

In preparing our fees, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC’s [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing. As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting.

Our proposed work and fee is per the PSAA scale fee. Should additional work be identified as necessary in addition to the ISA 315 work identified above, additional fees levied for work that we will be required to undertake to obtain appropriate assurances. Should the need to levy such additional fees arise, these will be discussed with the Director of Finance on a timely basis.

13. IFRS 16 ‘Leases’ and related disclosures

IFRS 16 will need to be implemented by local authorities from 1 April 2024. This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. As this is a shadow year for the implementation of IFRS 16, we will need to consider the work being undertaken by the Council to ensure a smooth adoption of the new standard.

Introduction

IFRS 16 updates the definition of a lease to:

“a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.” In the public sector the definition of a lease is expanded to include arrangements with nil consideration.

IFRS 16 requires all leases to be accounted for 'on balance sheet' by the lessee (subject to the exemptions below), a major departure from the requirements of IAS 17 in respect of operating leases.

IFRS 16 requires a lessee to recognise assets and liabilities for leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. There is a single accounting model for all leases (similar to that of finance leases under IAS 17), with the following exceptions:

- leases of low value assets
- short-term leases (less than 12 months).

Lessor accounting is substantially unchanged leading to asymmetry of approach for some leases (operating) although if an audited body is the intermediary and subletting there is a change in that the judgement between operating and finance lease is made with reference to the right of use asset rather than the underlying asset.

Council's systems and processes

We believe that most local authorities will need to reflect the effect of IFRS 16 changes in the following areas:

- accounting policies and disclosures
- application of judgment and estimation
- related internal controls that will require updating, if not overhauling, to reflect changes in accounting policies and processes
- systems to capture the process and maintain new lease data and for ongoing maintenance

Planning enquiries

As part of our planning risk assessment procedures we have discussed implementation of the standard with the Head of Accountancy and we understand that the Council will be adopting the standard from 1 April 2024 in line with many local authorities. Per our discussions, the Council is underway with preparing the necessary impact statement highlighting the expected impact to readers, as required to be disclosed in the 2023-24 financial statements.

Further information

Further details on the requirements of IFRS16 can be found in the HM Treasury Financial Reporting Manual. Please refer to the following link:

[IFRS 16 Application Guidance December 2020 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/101212/IFRS16_Application_Guidance_December_2020.pdf)

14. Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons. relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the group and Council.

Independence and non-audit services

Other services

The following other services provided by Grant Thornton were identified.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the group and Council's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP will be included in our Audit Findings report at the conclusion of the audit. None of the services provided are subject to contingent fees, and none are deemed 'non-audit' related.

Service	Fees £	Threats	Safeguards
Audit related:			
Certification of Housing Benefit claim (base fee not including extended 40+ testing)	35,640	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £35,640 in comparison to the total fee for the audit of £440,608 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Initial Teacher Training grant	5,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £5,500 in comparison to the total fee for the audit of £440,608 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Teachers' Pensions return	12,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £12,500 in comparison to the total fee for the audit of £440,608 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Housing Capital receipts grant	10,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £10,000 in comparison to the total fee for the audit of £440,608 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

15. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor & management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	•	
Confirmation of independence and objectivity of the firm, the engagement team members and all other indirectly covered persons	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant matters in relation to going concern	•	•
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud (deliberate manipulation) involving management and/or which results in material misstatement of the financial statements (not typically council tax fraud)		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

16. Escalation policy

The Department for Levelling Up, Housing and Communities is proposing to introduce an audit backstop date on a rolling basis to encourage timelier completion of local government audits in the future. For the 2023-24 accounts cycle, we understand the proposed deadline for the audit opinion is 30 April 2025 for a 31 May 2025 back stop. Kirklees Council has continued to perform well in recent years in achieving timely production of its financial statements and sign-off of its audit opinion, however, we have included the below for your information and to indicate the wider context within the local audit sector.

It remains the Authority's responsibility to produce true and fair accounts in accordance with the CIPFA Code by the 31 May 2024 and respond to audit information requests and queries in a timely manner, which very much represents business as usual at Kirklees Council based on our observations from previous audits.

To help ensure that accounts audits can be completed on time in the future, we have introduced an escalation policy. This policy outlines the steps we will take to address any delays in draft accounts or responding to queries and information requests. If there are any delays, the following steps are set out below:

Step 1 - Initial Communication with Finance Director (within one working day of statutory deadline for draft accounts or agreed deadline for working papers)

We will have a conversation with the Finance Director to identify reasons for the delay and review the Authority's plans to address it. We will set clear expectations for improvement.

Step 2 - Further Reminder (within two weeks of deadline)

If the initial conversation does not lead to improvement, we will send a reminder explaining outstanding queries and information requests, the deadline for responding, and the consequences of not responding by the deadline.

Step 3 - Escalation to Chief Executive (within one month of deadline)

If the delay persists, we will escalate the issue to the Chief Executive, including a detailed summary of the situation, steps taken to address the delay, and agreed deadline for responding..

Step 4 - Escalation to the Audit Committee (at next available Audit Committee meeting or in writing to Audit Committee Chair within 6 weeks of deadline)

If senior management is unable to resolve the delay, we will escalate the issue to the audit committee, including a detailed summary of the situation, steps taken to address the delay, and recommendations for next steps.

Step 5 – Consider use of wider powers (within two months of deadline)

If the delay persists despite all efforts, we will consider using wider powers, e.g. issuing a statutory recommendation. This decision will be made only after all other options have been exhausted. We will consult with an internal risk panel to ensure appropriateness.

By following these steps, we aim to ensure that delays in responding to queries and information requests are addressed in a timely and effective manner, and that we are able to provide timely assurance to key stakeholders including the public on the Authority's financial statements.



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REPORT TITLE: Amend arrangements for Corporate Parenting Board

Meeting:	Corporate Governance and Audit Committee
Date:	10/05/2024
Cabinet Member (if applicable)	Cllr Kendrick
Key Decision Eligible for Call In	No Not applicable
<p>Purpose of Report</p> <p>To seek approval to amend the arrangements for the council Corporate Parenting Board and confirm new terms of reference, and arrangements for a future 'Kirklees Parenting Board'</p>	
<p>Recommendations</p> <ul style="list-style-type: none"> • That the current arrangements set out in the council’s constitution for oversight of the Corporate Parenting Board be amended. This will reflect that the board will be a closed partnership meeting following the revision of term of reference and revised Corporate Parenting Strategy. • That the new terms of reference for Kirklees Parenting Board are agreed. <p>Reasons for Recommendations</p> <ul style="list-style-type: none"> • To support the establishment of broader partnership arrangements to deliver the authorities duties for ensuring corporate and partnership arrangements are in place. The strengthening of current arrangements will ensure we are effective in supporting children in care and care leavers in line with the authority’s statutory responsibilities across a wider range of partners. • To be able to engage with children and young people within the board arrangements, so their voice in central in delivering service development and improvements. • To respond to recommendations set out in feedback provided to the Chief Executive and Executive Leadership Team following a visit from the National Implementation Advisor to the Department for Education considering our corporate parenting arrangements and services to care leavers. 	
<p>Resource Implications:</p> <p>There are no identified additional resources implications.</p>	
Date signed off by <u>Strategic Director</u> & name	Proposal approved at ELT 09/04/2024 following presentation of draft revised ToR

<p>Is it also signed off by the Service Director for Finance?</p> <p>Is it also signed off by the Service Director for Legal Governance and Commissioning?</p>	<p>Strategic Director is Tom Brailsford</p> <p>N/A</p>
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Electoral wards affected: All

Ward councillors consulted: N/A

Public or private: Public

Has GDPR been considered? The content of the report is not regarded as sensitive and contains no information subject to the General Data Protection Regulations.

1. Executive Summary

In 2015 a paper was presented to the Corporate Governance and Audit Committee to establish the current corporate parenting board arrangements within the current council constitution. The terms of reference that established the board at that time have since been amended to represent changes to membership, but no other significant changes have been made since 2015.

Since the establishment of our board there have been some significant national developments including statutory guidance regarding local authorities' responsibilities and duties in respect of corporate parenting. Additionally, there has been significant work undertaken recently with partners across our local authority area to engage and establish a broader collective responsibility as parents for our children and young people. This reinvigorated partnership approach will support Improving outcomes for children and young people in our care and those who become our care leavers.

As part of our improvement journey, we have agreed a new approach to corporate parenting in Kirklees. Therefore, the governance arrangements need to be amended to ensure that the renewed board arrangements are fit for purpose.

2. Information required to take a decision

Local authorities hold a statutory responsibility to provide care and protection for children who are looked after by the local authority and care leavers. Arrangements for delivering services to children looked after by the local authority and care leavers are provided through a partnership led by the local authority.

Set out within the inspection framework for local authority children's services is a list of requirements for local authorities to demonstrate partnership and cross authority commitment and arrangements. The revised terms of reference, proposed membership and reporting arrangements have been set out to ensure that our governance and

delivery arrangements remain effective to meet current statutory requirements and inspection expectations.

Finally, the recommendations set out in the report have also been informed by the observations and recommendation provided to the authority following a two-day review of our services provided to Care Leavers from the Implementation Advisor to the Department for Education Mark Riddell MBE. As part of these recommendations, it was noted that our corporate parenting governance arrangements could be enhanced by moving away from what was observed as a 'committee/scrutiny approach' to a 'champion model approach' supported by a broader partnership.

It is important to note that the quality of services delivered, and performance will continue to be overseen and scrutinised within children's scrutiny arrangements, the authorities' children's services Ambitions board arrangements and existing monthly performance arrangements.

3. Implications for the Council

Through adopting these revised arrangements, the council will be best placed to maximise the support available to children in care and care leavers whilst demonstrating effectiveness of governance and oversight of the performance of services.

3.1 Council Plan

Supporting our children in care and our care leavers to achieve their full potential is a core duty for the local authority and a priority for the council as demonstrated through its commitment in resources allocated to children's services. Set out within the executive forward to the council's plan 2024 -25 is a recognition that to achieve the priorities in the council plan we will require service transformation. Adopting the recommendations set out in the report will enable services to draw on wider partnership contributions and support delivered through a renewed partnership.

3.2 Financial Implications

Whilst the recommendations set out in this report are cost neutral with regards to implementation, it is anticipated that through the development of our new delivery and partnership arrangements, services delivered to children in care and care leavers, will be enhanced to achieve better outcomes whilst ultimately improving outcomes and reducing need and cost. reduced cost and need.

3.3 Legal Implications

Whilst there are no statutory requirements that dictate specific governance arrangements for local authorities in delivering their statutory duties, the proposed model is recognised as meeting the best practice and effective corporate parenting arrangements as set out in the Local Government Associations 'resource pack' to local authorities.

Statutory guidance to applying corporate parenting principles to looked after children and care leavers was published in 2018 and is now a central part of the framework for inspecting local authority children's services.

Children and Social Work Act 2017 establishes Corporate Parenting Principles which are part of the focus of the inspection framework.

(1) A local authority in England must, in carrying out functions in relation to the children and young people mentioned in subsection (2), have regard to the need—

(a) to act in the best interests, and promote the physical and mental health and well-being, of those children and young people.

(b) to encourage those children and young people to express their views, wishes and feelings.

(c) to take into account the views, wishes and feelings of those children and young people.

(d) to help those children and young people gain access to, and make the best use of, services provided by the local authority and its relevant partners.

(e) to promote high aspirations, and seek to secure the best outcomes, for those children and young people.

(f) for those children and young people to be safe, and for stability in their home lives, relationships and education or work.

(g) to prepare those children and young people for adulthood and independent living.

Strong corporate parenting means strong leadership, challenge and accountability at every level. The quality of support can be measured in how the child or young person experiences the support they receive and the extent to which they feel listened to and taken seriously.

3.8 Other (eg Risk, Integrated Impact Assessment or Human Resources)

4. Consultation

Our intention to broaden membership and remove the board from its current format and governance arrangements as an meeting open to the public, has been discussed within existing board arrangements and developed with our Children in Care council and Care Leaver Forum.

5. Engagement

Stakeholders include current board membership, Executive Leadership team, care leavers forum and the children in care council have been involved in the development of the new arrangements.

6. Options

These reports and recommendations relate to revised terms of reference and therefore no options appraisal is considered necessary.

6.1 Options considered

These reports and recommendations relate to revised terms of reference and therefore no options appraisal is considered necessary.

6.2 Reasons for recommended option

To support the establishment of broader partnership arrangements to deliver the authorities duties for ensuring corporate and partnership. Also to ensure arrangements

are in place and are effective to support children in care and care leavers in line with the authority's statutory responsibilities.

To enable engagement in with children and young people within the board arrangements in closed session

To respond to recommendations set out in feedback provided to the Chief Executive following a visit from the National Implementation Advisor to the Department for Education considering our corporate parenting arrangements and services to care leavers.

7. Next steps and timelines

Following consideration by Corporate Governance and Audit Committee, on the 10th of May 2024, the report will progress to Annual Council on 22nd May 2024 for approval.

8. Contact officer

Joel.Hanna@Kirklees.gov.uk

9. Background Papers and History of Decisions

N/A

10. Appendices

Draft ToR

11. Service Director responsible

Vicky.Metheringham@Kirklees.gov.uk

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Kirklees Parenting Board – Terms of Reference

Draft March 2024

Version & Date:	Name of lead officer	Date of approval
Version (1) March 2024	Joel Hanna HoS CP.	
Version (2) April 2024	Joel Hanna HoS CP.	ELT 09/04/24
Version (3) April 2024	Joel Hanna HoS. CP	Cllr Kendrick 10/04/24
Version (4) April 2024	Joel Hanna HoS. CP	Tom Brailsford 11/04/2024

Aim.

Kirklees Council is committed to delivering the best possible services to meet the needs of children and young people living in and leaving care in the local authority. The council has established a strong corporate parenting ethos across the authority recognising that to maximise opportunities and provide the best possible outcomes for our care leavers and children in our care we need to maintain a strong partnership.

All children need love and stability to thrive. Our strong corporate parenting ethos means that everyone in the authority from the Chief Executive to our front-line staff, all elected council members and our statutory and wider partners are committed to delivering the best for our children and care leavers as if they were their own family.

The aim of the board is to provide, promote and embed a culture where council officers and partners do everything possible to ensure that our corporate parenting partnership is the best 'parent' it can be, always thinking '**would this be good enough for our own children**'.

The Corporate Parenting Board will ensure that the council work collectively to make sure children in Kirklees's care get the best possible support and services through their care and care leavers journey.

The Objectives

The key objectives of our Kirklees Parenting Board are to:

- ❖ agree and set the strategic plan for children in care and care leavers ensuring that key priorities are effectively delivered.
- ❖ ensure that the voice of children and care leavers is listened and responded to in relation to their experiences of being in care and the kinds of services they want.
- ❖ examine and challenge key data relating to children in care and care leavers and support continuous improvements.
- ❖ explore the extent to which the Council and its partners are contributing to meeting the needs of children in care and care leavers.
- ❖ ensure that the strategic plans for children in care and care leavers are being effectively delivered.

- ❖ Identify and celebrate the achievements of individual children in care and care leavers.
- ❖ be a champion for children in care and care leavers in the Council and across partners promoting the philosophy of : “**would this be good enough for my child?**”
- ❖ ensure those planning, delivering, and monitoring services have taken account of inclusion, diversity and equality issues affecting children in care and care leavers.
- ❖ monitor the implementation of agreed actions, in particular actions taken in response to the views of children and young people.
- ❖ ensure that all members of the board promote the opportunities and understanding of the needs of children and young people across their area of specialism.

These objectives will be delivered by:

- ❖ Listening to the feedback from children and young people and making proposals for action within the Council and across our partnership to improve services to children in care and care leavers.
- ❖ Monitoring progress and development of children and young people in key areas such as education, health, accommodation, and employment opportunities by using management information.
- ❖ Making recommendations to the Council on ways of improving development opportunities for children and young people, and the quality of care offered to children in care and care leavers in Kirklees.
- ❖ Engaging in opportunities to obtain direct feedback and experiences of those in receipt of or who deliver our services.
- ❖ Engaging in annual ‘take over’ events with the children in care council and care leavers forum.

Board Membership:

Our corporate parenting partnership is supported by a broad membership committed to delivering our strategic priorities. The board is supported by council officers listed below as supporting Officers. Where board members are unable to attend, they should make efforts to send a suitable nominee able to represent their organisation.

Board Members:

Lead Members for Children’s Services (Co-Chair)
 Chief Executive Officer of the council (Vice-Chair)
 Representative from the Kirklees Care Leaver’s Forum
 Representatives Elected Members from all political groups in the council
 Director of Children’s Services
 Chief Quality and Nursing Officer ICB
 Designated Nurse for Children Looked After
 Designated Doctor for Children Looked After
 Representatives from Kirklees Fostering Network
 Representative from Kirklees College
 Huddersfield Town Foundation Trust
 Representative from Huddersfield University

Representative from Locala
West Yorkshire Police District Commander
Service Director from Neighbourhood & Housing
National Probation Service
Public Health Kirklees Council

Supporting Officers:

Service Director, Family Support and Child Protection
Service Director from Adult Services
Service Director, Learning and Early Support
Service Director, Resources, Improvement and Partnerships
Head of Corporate Parenting (Sufficiency)
Head of Corporate Parenting (Children in Care and Care Leavers)
Head of the Virtual School Head
Head of contextual Safeguarding and Youth Engagement Services
Integrated Commissioning Manager

Board Observers/ ex officio. members and for papers.

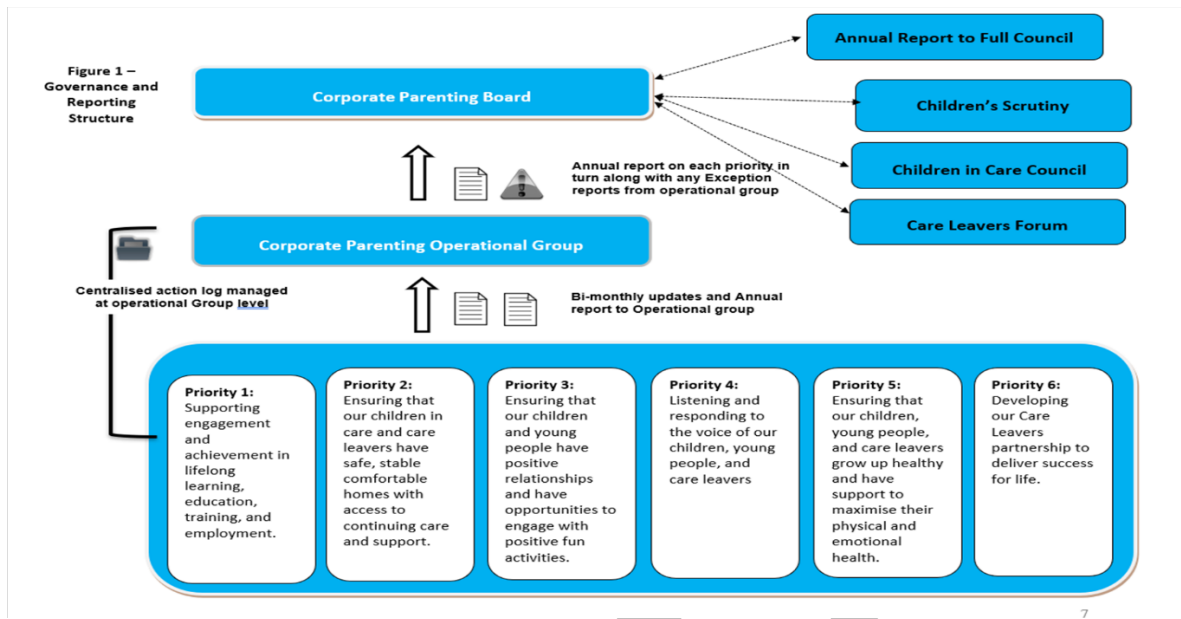
Chair of Children’s Scrutiny Panel or his/her/their nominee
Leader of the council

Administration and arrangements

Kirklees Corporate Parenting Board brings together a broad partnership of senior council officers, elected members and partner organisations and agencies to deliver the agreed **strategic plan for corporate parenting** across the authority. The Board will meet a minimum of six times per annum (bi-monthly) ensuring the children and young people in care and/or care leavers voices are represented within each meeting. Progress of each of the agreed strategic priorities will be presented for an overview and update report to the board with one priority reported in turn as the substantial agenda item for discussion and consideration.

The board will report progress on delivering the authority’s corporate parenting strategy to full council on an annual basis. *figure 1* below. The board will also receive an update on our children’s residential homes outlining inspection and independent visitor feedback.

Fig 1



Agenda and papers for each meeting will be circulated 5 working days prior to each meeting and the forward plan for board meetings will be arranged to maximise attendance and engagement for Care Leaver's Forum representatives through 50% evening meetings. Minutes and agenda for all board meetings will be shared with the Children in Care Council and Care Leavers forum for comment and contribution via the Head of Service for corporate parenting.

END



Report title: Proposed Amendments to Contract Procedure Rules 2024

Meeting	Corporate Governance and Audit Committee
Date	10th May 2024
Cabinet Member (if applicable)	Not applicable
Key Decision Eligible for Call In	Not applicable
Purpose of Report To provide information on proposed changes to Contract Procedure Rules for the municipal year 2024/25	
Recommendations <ul style="list-style-type: none"> Members are asked to consider the proposed changes to Contract Procedure Rules and recommend them to Annual Council. Reasons for Recommendations <ul style="list-style-type: none"> The Contract Procedure Rules ensure that the Council is acting in line with current legislation and other development in public law when conducting procurements. Minor changes are proposed for 2024, these include updates to the procurement threshold limits and updates to Rule 8 Disposals. 	
Resource Implication: There are no direct resource implications, as all the processes described should be followed already.	
Date signed off by <u>Strategic Director</u> & name	R Spencer-Henshall – Strategic Director – Corporate Strategy, Commissioning & Public Health Date; 26.04.2024
Is it also signed off by the Service Director for Finance?	I Brittain Service Director – Finance Date; 26.04.2024
Is it also signed off by the Service Director for Legal Governance and Commissioning?	J Muscroft Service Director - Legal Governance and Commissioning Date; 26.04.2024

Electoral wards affected: All

Ward councillors consulted: Not applicable

Public or private: Public

Has GDPR been considered? Yes, not applicable

1. Executive Summary

- 1.1 This report sets out information on proposed changes to Contract Procedure Rules for the year 2024/25.
- 1.2 The Contract Procedure Rules ensure that the Council is acting in line with current legislation and other developments in public law when conducting procurements.
- 1.3 A more fundamental review of the Contract Procedure Rules will be undertaken at the appropriate time in line with any legislative changes relating to the Procurement Act 2023.
- 1.4 Committee should note that preparations for the new procurement regulations are underway, and an overview of the new regulations will be presented to Corporate Governance and Audit Committee at a later date.

2. Information required to take a decision

- 2.1 The detail relating to all proposed changes is highlighted in the table below and track changes are visible in the Contract Procedure Rules document, Appendix 1;

Section of the Contract Procedure Rules	Proposed changes
Rule 8.4 Disposal	Rule 8 has been updated in relation to disposal of assets (other than land and buildings)
Appendix 1 Revised UK Thresholds	The table has been updated table to reflect the revised UK procurement threshold limits (inclusive of VAT) effective from 01 January 2024

3. Implications for the Council

- 3.1 **Working with People** – None directly
- 3.2 **Working with Partners** – None directly
- 3.3 **Place Based Working** – None directly
- 3.4 **Climate Change and Air Quality** – Non directly
- 3.5 **Improving outcomes for children** – Non directly
- 3.6 **Financial Implications** – Non directly
- 3.7 **Legal Implications** – The legal obligation to have Contract Procedure Rules is to comply with Section 135 Local Government Act 1972 and the Public Contracts Regulations 2015.
- 3.8 **Other (e.g. Risk, Integrated Impact Assessment or Human Resources)**
Although each of the sub categorisations above suggest no direct implications, these Contract Procedure Rules cover all aspects of the council's operations. These Contract Procedure Rules reflect good procurement practice which in turn supports the Council Plan by using procurement activity to help achieve the Council's wide objectives and outcomes.

4 Consultation

Consultation has been carried out with the Head of Audit and Risk, Head of Corporate-Legal and officers in Procurement and Legal Services. All Heads of Service across the Council have had the opportunity to comment and feedback.

5 Engagement

Not undertaken

6 Options

6.1 Options Considered

The proposals are minor updates. The alternatives would be to make no changes whatsoever or to fundamentally redraft the Contract Procedure Rules.

6.2 Reasons for recommended Option

The proposals are minor updates. A more fundamental review of the rules will be undertaken once the new procurement regulations come into effect.

7 Next steps and timelines

This matter will go forward to Annual Council for consideration on 22 May 2024.

8 Contact officer

Jane Lockwood, Head of Procurement (01484 221000, e-mail;
JaneA.Lockwood@kirklees.gov.uk)

9 Background Papers and History of Decisions

[Contract Procedure Rules 2023 - Kirklees Council](#)
[Changes to CPRs 2023 Annual Council.pdf \(kirklees.gov.uk\)](#)

10 Appendices

Appendix 1; Contract Procedure Rules 2024 with tracked changes

11 Service Director responsible

Isabel Britain- Service Director Finance
Julie Muscroft- Service Director Legal, Governance & Commissioning

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KIRKLEES COUNCIL CONTRACT PROCEDURE RULES

MAY 2024

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INTRODUCTION

These Contract Procedure Rules (CPRs) aim to promote the highest standard of probity, integrity, and impartiality in making a clear, understandable and fair selection of Suppliers and Supplies to the Council. Equally important are the delivery of best value through competitive procedures and the avoidance of practices which may restrict, prevent or distort competition.

These Contract Procedure Rules cover the Procurement of all Supplies (goods, works and services) and Income Contracts.

These Contract Procedure Rules must be complied with strictly. They are minimum requirements. A more thorough procedure may be appropriate for particular Supplies. However, when designing the Procurement within the parameters of these CPRs, the process and the Specification should be clearly proportionate and relative to the need which the Supply fulfils and should appropriately balance the value of, and risks associated with, any proposed action.

Where the council wishes to obtain the delivery of goods, works, or services, the use of procurement is the usual method. Grants should only be used to assist or support objectives of another organisation. In some instances, CPRs will apply to grants (see [Appendix 4](#) ~~Appendix 4~~).

Procurement Principles:

The aim of every procurement exercise should be value for money. In pursuit of that aim, procurers shall endeavour to treat market operators equally and without discrimination, and to act in a transparent and proportionate manner. Without detracting from those principles, procurers should take every opportunity to consider how improvements to the economic, social and environmental wellbeing of the district (social value) can be generated and enhanced in contracts and procurement processes, including encouraging the participation of local businesses in Council tenders.

RULE 1 – CONDUCT AND COMPLIANCE AND WAIVER

- 1.1 All Council employees, and any person or organisation working on behalf of the Council in Procuring or managing a Supply, must comply with these CPRs.
- 1.2 Cabinet may waive any parts of these CPRs on a case by case basis following consideration of a detailed report setting out in particular: -
 - 1.2.1 the legality of the proposed non-compliant process or action; and
 - 1.2.2 the reputational and financial risks associated with the proposed non-compliant process or action.
- 1.3 Failure to comply with these CPRs without a valid waiver may result in disciplinary action against the officers concerned and may in some cases constitute a criminal offence.
- 1.4 Each Service Director must ensure:-
 - 1.4.1 compliance with these CPRs and the FPRs, using training, instruction and internal control processes;
 - 1.4.2 appropriate supervision and performance management to ensure that decisions taken are subject to authorisation and quality control procedures.
 - 1.4.3 a suitably experienced and trained officer is identified to adequately manage the Contract for every contractual relationship the Council enters into.
- 1.5 When authorising staff to procure Supplies on their behalf, each Service Director must set a financial (or other) limit on the authority vested in individual officers to procure the Supplies. Such limits must be recorded in the relevant Scheme of Officer delegations. An officer wishing to commence a procurement exercise and/or commit the council to contractual obligations must ensure that:
 - 1.5.1 they have the Cabinet authority or a written approval of the delegated decision by an authorised officer under the Scheme of Officer Delegation to incur the expenditure and provide details to the Head of Corporate Procurement.
 - 1.5.2 officer executive decisions are recorded accurately and promptly including the relevant information required, such as the context in which the decision was taken, the reasons for the decision and alternative options considered.
 - 1.5.3 all significant officer decisions taken relating to the procurement exercise (i.e. decisions which may be of interest to councillors and/or the public) are recorded
 - 1.5.4 where a Supply is a Key Decision), a Key Decision Notice (KDN) has been published in a Notice of Forthcoming Key Decisions.
- 1.6 The Head of Procurement may:-
 - 1.6.1 authorise officers who are not procurement officers under their managerial responsibility to act on their behalf in respect of any role assigned to the Head of Procurement in these CPRs;
 - 1.6.2 issue waivers in relation to the need to consult them under CPR 1.3;
 - 1.6.3 undertake a review of procurement arrangements and practices, and value for money within any service area, in consultation, as appropriate, with the Service Director, Solicitor to the Council, Chief Finance Officer and Head of Internal Audit.

- 1.7 The Head of Procurement must record the precise extent of such authorisations and the officer to which roles have been delegated and share these authorisations with the Solicitor to the Council and the Head of Internal Audit.
- 1.8 A Service Director has authority to commence any Procurement subject to:
- 1.8.1 compliance with these CPRs and FPRs; and
 - 1.8.2 having appropriate delegated authority; and
 - 1.8.3 compliance with management processes designed to ensure that proposed projects meet the Council's business needs; and
 - 1.8.4 seeking Value for Money.
- 1.9 These CPRs are a minimum standard and a more prescriptive procurement regime must be followed where this is required by UK law and agreements with Grant funding organisations.
- 1.10 The Head of Procurement, the Solicitor to the Council and the Head of Internal Audit may each issue Guidance Notes to aid the interpretation of these CPRs, with the following leading responsibilities:
- 1.10.1 the Head of Procurement – Good Procurement Practice;
 - 1.10.2 Solicitor to the Council – UK Procurement Rules and other laws and Corporate Governance;
 - 1.10.3 Head of Internal Audit – Procurement project related financial management, Best Value and Risk.
- 1.11 Any dispute concerning interpretation of these CPRs must be referred to the Head of Internal Audit who, in consultation with the Solicitor to the Council, may provide clarification and determination.
- 1.12 Subject to Part 3 of the Council's constitution and without prejudice to the role of the Monitoring Officer or the Chief Finance Officer, the Chief Executive may reassign specific duties delegated in these CPRs to the Head of Procurement, the Head of Internal Audit, and the Solicitor to the Council provided that:-
- 1.12.1 the post holders to whom these duties are assigned must hold general competencies as follows:-
 - public sector procurement in respect of duties reassigned from the Head of Procurement;
 - finance in respect of duties reassigned from the Head of Internal Audit;
 - Law and Court procedure in respect of duties reassigned from Solicitor to the Council.
 - the same degree of separation of officer responsibility for the duties is maintained.

Conflicts of Interest and Integrity¹

- 1.13 Service Directors shall take appropriate measures to effectively prevent, identify and remedy conflicts of interest arising in the conduct of procurement procedures to avoid any distortion of competition and to ensure equal treatment of all economic operators.

¹ Officers should also familiarise themselves with the FPRs 17 and 18, Chapter 7 of the Employee Handbook and Part 5.6 of the Council's Constitution and Members should also refer to Part 5.1 of the Constitution.

- 1.14 Any Officer, Member or other person acting on the Council's behalf in procuring a Supply must declare any potential Conflict of Interest as soon as they become aware of a potential Conflict of Interest and update the declaration in the event of any changes.
- 1.15 Service Directors must record such declarations and in each case decide whether safeguards need to be put in place or the Officer or Member concerned should be removed from the Procurement or Disposal process.
- 1.16 In exercising the decisions delegated to them, the Head of Procurement, Head of Internal Audit and Solicitor to the Council (or any other persons undertaking their responsibilities by application of CPR 1.11 or CPR 1.6) must reach their decisions independently.

RULE 2 – PREPARATION AND PROCESS

- 2.1. Before commencing any process to obtain any Supply having an estimated cost exceeding £25,000, the Service Director must consult with the Head of Procurement. The Head of Procurement must consider if any issues relating to the procurement may create risks that require consultation with the Solicitor to the Council and/or the Head of Internal Audit, and undertake these consultations as necessary.
- 2.2. The Service Director must provide to the Head of Procurement information necessary to enable the Council to comply with UK Procurement Rules. The Head of Procurement is responsible for ensuring the appropriate placing of notices in the UK's e-notification service, Find A Tender Service (FTS) and Contract Finder. Such notices may only be placed by officers authorised to do so by the Head of Procurement.
- 2.3. Each Service Director must ensure:
 - 2.3.1. That Supplies of a similar type are procured together where it is sensible to do so. A Procurement must not be subdivided with the effect of preventing it from falling within the scope of these CPRs or the UK Procurement Rules, unless justified by objective reasons.
 - 2.3.2. Where the cost of the Supply is less than the UK Threshold and an approved Framework Agreement or Dynamic Purchasing System is not being used, there must be consultation with the Head of Procurement to see whether the value of the Supply needs to be aggregated with any other similar Supplies for the purposes of the UK Procurement Rules.
 - 2.3.3. The Head of Internal Audit is satisfied regarding the financial standing of a proposed Supplier for any contract exceeding the UK supplies and services threshold.
 - 2.3.4. The process can be adequately resourced.
 - 2.3.5. The appointment of an officer to carry out supervision of the resulting contract(s) in accordance with Financial Procedure Rule 21.8.

Compliance

- 2.3.6. Each Procurement complies with the following:-
 - a. it is justified by a business case (that includes a risk assessment) approved by a Senior Manager with relevant authority to purchase; and
 - b. a Whole Life Costing Approach underpins the specification of the Supply;

- and
- c. it aligns with the Procurement Strategy; and
- d. it complies with any requirements or agreements regarding the use of in-house Service suppliers (see CPR 6.13), consortia and other suppliers (Service Directors should, for example, consult the Head of Procurement about decisions and options available under CPRs 6.11 & 6.12).

Estimated Value

- 2.3.7. Regard is given to Best Value and the Public Sector Equality Duty and consultations with the public have been carried out as required.
- 2.3.8. An estimate of the full cost of the Supply contract or Framework Agreement which is as accurate as possible is made. Valuations must:
 - a. be estimated by reference to the gross value of the Supply contract (including installation, supplier maintenance, options, and any income gained by all Suppliers involved in the agreement);
 - b. assess the gross value of a Framework Agreement to be the reasonably estimated value of all Supply contracts which might be made through it;
 - c. where the Supply contract includes a fixed duration, cover the entire possible duration of the contract (i.e. including any options, such as for extension or renewal);
 - d. where a maximum contract duration is not certain, treat the contract as if it lasts for 4 years;
 - e. include any Grant funding;
 - f. exclude VAT.
- 2.3.9. The Supply is likely to be within budgetary provision (see CPR 10.1).

Bonds and Guarantees

- 2.3.10. The council should always seek a parent company guarantee when such an option is available.
- 2.3.11. Bonds; All supply contracts relating to:
 - a. capital construction works in excess of £500,000
 - b. any IT contracts that involve pre operational payments in excess of £500,000
 - c. any contracts with a total consideration in excess of £5m

will be bonded in the sum of 10% of the Tender value, except where the Solicitor to the Council and Head of Internal Audit agree either:-

- i. No bond is necessary; or
- ii. A different value (or percentage) is appropriate; and or
- iii. a cash bond; and or
- iv. A parent company guarantee or other form of surety can be accepted instead.

The Specification

- 2.4. In preparing a Specification, the Service Director should consider how the procurement activity might meet the Councils wider policy and strategy but subject always to ensuring full compliance with UK procurement legislation. Service Directors must also consider how what is proposed to be

procured might improve the economic, social and environmental wellbeing of Kirklees.

- 2.5. Consultation with suppliers in the relevant market is permitted but it must not prejudice any potential Supplier and no technical advice may be sought or accepted from any supplier in relation to the preparation of any specification or contract documentation where this may distort competition, provide any unfair advantage or prejudice the equal treatment of all potential Suppliers.
- 2.6. The preparation of appropriate Specifications, costs/pricing document(s), contract terms (other than Land Contracts and subject to CPR 2.10) and other procurement documentation must be created to be understandable by all reasonably well informed people in the relevant industry.

Award Criteria

- 2.7. Where a competitive process is being carried out, a transparent, unambiguous and clearly set out schedule of Award Criteria, which are objectively verifiable and non-discriminatory and are appropriately prioritised, must be prepared and advertised. These criteria must be linked to the subject matter of the contract, must not include unlawful non-commercial considerations or Suitability Criteria (which should be identified separately and must follow CPR 3.5– 3.9) and must be proportional to the contract's main objectives.
- 2.8. The Head of Procurement is consulted at the preparatory stage if conducting interviews or receiving presentations is considered to be beneficial to the process (also see CPRs 4.16-4.17).

Contracting

- 2.9. For contracts up to the UK supplies and services threshold, other than Land Contracts, the Service Director shall wherever possible use appropriate standard contract terms. Otherwise every contract for Supplies or Income Contract must set out:
 - a. details of the Supply to be made or to be disposed of;
 - b. the price or prices to be paid or received and/or the amounts and frequency or the method of calculation of contract payments with a statement of discounts or other deductions;
 - c. the time(s) within which the contract is to be performed;
 - d. termination provisions and break clauses, if appropriate;
 - e. appropriate data protection clauses where personal data is involved; and
 - f. such other matters as the Solicitor to the Council considers to be necessary (the Solicitor to the Council need not be consulted, but guidance must be followed).
- 2.10. For contracts above the UK supplies and services threshold, other than Land Contracts the Service Director must consult with the Solicitor to the Council who will prepare contract documentation appropriate for the contract.

Data Processing

- 2.11. All contracts that involve the processing or sharing of personal data must be reported to the Information Governance Team, who will keep a log of these contracts.
- 2.12. Where any Supplier is given possession of, or access to, any personal data, the Service Director must have regard to the Council's obligations as regards the Data Protection Legislation. The Service

Director must follow the Council's Information Security Policy, in particular regarding contracting with data processors, sharing data and consulting with the Information Governance Team. The Service Director must ensure that:

- 2.12.1. the Supplier is verified as suitable to be trusted with the personal data before allowing the Supplier access to the data;
- 2.12.2. appropriate guarantees of the security of the personal data are included within a written contract;
- 2.12.3. the performance of the contract is appropriately monitored;
- 2.12.4. appropriate steps are taken to enforce the contract where the information security guarantees are not being met;
- 2.12.5. appropriate steps are taken to minimise as far as possible the impact of a breach of data security;
- 2.12.6. arrangements that appropriately deal with the transfer, return or deletion of the information at the end of the contract are established.

Collaboration

- 2.13. The potential for genuine collaboration with other public bodies must be considered when planning a procurement exercise.
- 2.14. When taking any benefit from a procurement in which a third party takes any degree of control, Service Directors must ensure that appropriate due diligence steps are taken to be sure that all arrangements are appropriate and compliant. Apart from in the case of Central Purchasing Organisations (like the Yorkshire Purchasing Organisation and the Crown Commercial Service); any addition to procurements on a speculative basis (for example, where the Council is added as a user to a third party framework without a likelihood the Council will use it) must be approved by the Head of Procurement.

RULE 3 - PROCUREMENT PROCESS

3.1. Subject to complying with the law, the process for procurement must comply with the following:

Value of Supplies	Requirement		
	Procurement Process	Advertising	Min no. of Suppliers
£0 - £24,999.99	Any Reasonable Means to select are permitted. Reasons to justify the decision taken must be recorded,	1. Any reasonable means	3
	<ul style="list-style-type: none"> Where practicable, suppliers from Kirklees (and/or West Yorkshire) area are encouraged and should be invited to submit quotes. Officers need to ensure that purchases achieve best value for the Council and an audit trail is maintained to demonstrate this. 	2. A Contract Award notification form needs to be completed for values in excess of £5,000 and up to £24,999. This must be reported to Corporate Procurement	
£25,000 – Threshold	One of the following:- <ul style="list-style-type: none"> Quotations (CPRs 3-4) Framework Suppliers, Standing Lists, etc. (CPR 5) Exceptions (CPR 6) Internal, Consortia & Compulsory (CPR 6) In addition; Legal, Governance, Risk, Insurance, Information Governance and Health & Safety teams must be consulted where necessary	As the Head of Procurement determines <ol style="list-style-type: none"> From a standing list An approved Framework Agreement An approved Dynamic Purchasing System Advertise on eProcurement Portal, Contracts Finder PLUS other reasonable advertising means 	Below £100,000 – 3 Above £100,000 – 4
	One of the following:- <ul style="list-style-type: none"> Tenders (CPRs 3 - 4) Framework Suppliers, Standing Lists, etc. (CPR 5) Exceptions (CPR 6) Internal, Consortia & Compulsory (CPR 6) In addition Legal, Governance, Risk, Insurance, Information Governance and Health & Safety teams must be consulted where necessary The Legal Service will perform the execution of any contract(s).	Advertise on eProcurement Portal, Contracts Finder, FTS and in other media if appropriate; or Use approved Framework Agreement; or Use approved Dynamic Purchasing System	5

- 3.2. These CPRs also apply to the selection of any nominated or named sub-contractor, product or manufacturer whose use by a supplier is a requirement of a contract specification.
- 3.3. A Service Director must invite at least the number above of suppliers to submit a written Tender, unless:-
 - 3.1.1 an **approved**² Framework Agreement or Dynamic Purchasing System is being used (and in which case the rules of the Framework Agreement or the Dynamic Purchasing System must be followed); or
 - 3.1.2 it is otherwise agreed with the Head of Internal Audit in consultation with the Solicitor to the Council.
- 3.4. The Suppliers must be reasonably capable of, or have indicated that they are willing to, submit a Tender. If it is not possible to identify the number of suitable and/or willing prospective suppliers indicated above, the Service Director must retain a record of the efforts made and reasons why an appropriate number of suppliers could not be identified.

Supplier Selection

- 3.5. Service Directors must satisfy themselves that Suppliers have relevant and proportional minimum levels of Suitability.
- 3.6. Where the procurement process has an overall value of less than the supplies and services UK threshold, a qualification stage must not be used, although key, proportional, suitability questions linked to the subject matter of the contract should, as appropriate, be used to establish the suitability of the supplier. The questions (or absence of any) must be approved by the Head of Procurement.
- 3.7. When operating a procurement process with a value above the supplies and services UK threshold, the Service Director must use the Council's standard selection questionnaire to establish suitability and/or to establish a shortlist. Any variations to this must be agreed with the Head of Procurement who will notify relevant authorities as necessary.
- 3.8. The selection of any potential Supplier to submit a Tender must be on the basis of a consistent, fair, justifiable and rational method, approved by the Head of Procurement. Selection Criteria must be transparent and financial ratios to be used as part of the evaluation must be disclosed. When conducting a procurement process which is subject to the UK Procurement Rules, minimum standard and/or pass marks must be published in the relevant FTS contract notice or invitation to confirm interest.
- 3.9. Before any self-employed supplier is awarded a contract, the supplier's details must be obtained and assessed through the HMRC Employment Status Indicator (ESI) Tool. The results of this should be reported to the Head of Procurement. The Service Director and the Head of Procurement must agree on the approach to procurement if the assessment suggests that the Council faces any risk. Any proposal to engage a self-employed person must be agreed with the Head of Procurement.

² See CPR 5.17

RULE 4 –TENDER RECEIPT & EVALUATION

- 4.1 For Procurements which are valued above £25,000, suppliers must be required to submit Tenders by electronic means of communication unless the Head of Procurement agrees otherwise. This must be through the eProcurement Portal unless the Head of Procurement agrees otherwise. (If the Head of Procurement approves another means, they will be required to agree and supervise a fair means of tender opening).
- 4.2 All invitations must state clearly the date and time of return. Electronic Tenders must be returned in accordance with the approved tendering system requirements.
- 4.3 All electronic Tenders received by the appointed time will be opened at the same time by the Head of Procurement.
- 4.4 At the Tendering opening the Head of Procurement will maintain a written record of the:
 - 4.4.1 Procurement reference and title;
 - 4.4.2 name of each supplier submitting a Tender and the time of submission;
 - 4.4.3 name of suppliers failing to submit prices/proposal for any restricted opportunities;
 - 4.4.4 prices from each supplier;
 - 4.4.5 name of opening officer;
 - 4.4.6 names of the persons present at the opening for any tenders submitted outside of the eProcurement Portal ;
 - 4.4.7 date and time of opening of Tenders;
- 4.5 Late Tenders must not be accepted unless the lateness is caused by the Council or other matters reasonably outside of the control of the tenderer AND no unfair advantage is given to the bidder which submits the late Tender. Any decision to accept a late Tender will be made by the Head of Procurement following both (a) such verification as they feel appropriate and (b) approval by the Head of Internal Audit. However, deadlines may be extended at any time prior to their arrival so long as this complies with the principle of equal treatment and non-discrimination between tenderers.
- 4.6 Suppliers must always be required to submit bids which comply with the tender documents. Variant may be permitted providing that the tender documents:
 - 4.6.1 say whether a standard or reference bid is also required;
 - 4.6.2 include the minimum requirements to be met by the variants;
 - 4.6.3 set award criteria which can be applied to the variants.
- 4.7 Any variants which are submitted must conform to the requirements of the tender documents.
- 4.8 Tenders which do not comply with the CPR 4.6 may be accepted by the Service Director, only after approval by the Head of Internal Audit.
- 4.9 The Service Director will carry out an evaluation of the Tenders received against the pre-set Award Criteria (CPR 2.7) and keep a written record of the analysis and outcome.
- 4.10 The use of or participation in e-auctions to set prices is permitted where:
 - 4.10.1 bids can be ranked automatically; and
 - 4.10.2 the mathematical formula to determine the rankings of the bids (or each variant where

variants are permitted) is disclosed; and

4.10.3 the written agreement of the Head of Internal Audit has been given; and

4.10.4 the process is subject to supervision by the Head of Procurement.

- 4.11 The Service Director will require tenderers to explain the price or costs proposed in their tender where tenders appear to be abnormally low.
- 4.12 The Service Director must ensure that, where required by UK procurement rules, appropriate notices of intention to award a contract to a particular supplier, or group of suppliers, are issued, and the necessary standstill period observed, prior to formal acceptance of the tender. The Head of Procurement will supervise the production and issuance of the mandatory debrief letters and inform the Solicitor to the Council that the debrief process has completed satisfactorily prior to formal acceptance of any Tender.
- 4.13 Any complaint or challenge to the procurement process at any stage must immediately be referred to the Head of Procurement, who must take steps to investigate and (subject to CPR 4.15) take action as necessary, taking guidance from the Solicitor to the Council and the Head of Internal Audit.
- 4.14 If a formal challenge is initiated (e.g. a formal letter before Court action is received or Court or arbitration proceedings are commenced) the Solicitor to the Council must be informed immediately with full objective disclosure of the facts relating to the issue(s), who will manage the claim. At this stage information exchange should be restricted and Service Directors must not copy dispute related information to anybody who has not seen it before until the Solicitor to the Council advises about confidentiality and Legal Privilege.

Clarifications, Presentations and Interviews

- 4.15 Where information or documentation submitted by a bidder is or appears to be incomplete (including where specific documents are missing) or erroneous or unclear, Service Directors may request the bidder concerned to submit, supplement, clarify or complete the relevant information or documentation, provided that requests for clarification:
- 4.15.1 set an appropriate time limit for a reply; and
 - 4.15.2 do not request changes or otherwise seek to influence the bidder; and
 - 4.15.3 deal with all of the matters in the Tender which are incomplete or erroneous or unclear; and
 - 4.15.4 treat all tenderers equally and fairly and so, for example, the request:-
 - a. must not occur before all of the bids have been subject to an initial evaluation;
 - b. must not unduly favour or disadvantage the bidder to whom the request is addressed; and
 - c. must be sent in the same way to all bidders unless there is an objectively verifiable ground justifying different treatment.
- 4.16 Clarity may also be facilitated through planned presentations designed to assist in understanding or verifying submitted bids. Clarification questions may be asked during such presentations and prior scoring may be appropriately moderated. All key information given in the presentation must be recorded thoroughly and any clarifications must be confirmed in writing.
- 4.17 Interviews and/or presentations which form part of the bid must be authorised by the Head of Procurement in writing. They must also be:

- 4.17.1 Comprehensively recorded; and
- 4.17.2 assessed according to transparent and objectively verifiable criteria connected to the subject matter of the contract; and
- 4.17.3 supervised by the Head of Procurement.

RULE 5 –STANDING LISTS, DYNAMIC PURCHASING SYSTEMS AND FRAMEWORK AGREEMENTS: CREATION AND USAGE

- 5.1 The Head of Procurement will maintain a list of approved central purchasing organisations, purchasing consortia and Council "trading services".

Standing Lists

- 5.2 The Head of Procurement will determine for which types of Supply Council-wide Standing Lists must be kept (see CPR 6.11). The Head of Procurement will notify the relevant Service Director of such decisions where the Standing List is Service specific and be responsible for creation and maintenance of Standing Lists which will be used Council-wide by any Service Director requiring Supplies of that type.
- 5.3 Standing Lists may be used for Supplies where the aggregated value (in compliance with the UK Procurement Rules) of the Supply in question does not exceed the relevant UK Threshold. A Framework Agreement or a Dynamic Purchasing System can be used where the aggregated value exceeds the relevant UK Threshold.
- 5.4 Standing Lists will be created by the selection of suppliers to be included from those responding to advertisements placed on at least the eProcurement Portal, Contracts Finder and other appropriate media as the Head of Procurement may determine. Standing Lists will remain valid for five years from creation. During that period the Standing List will remain open to the addition of further suppliers meeting the appropriate admission requirements and will remain advertised on the Council's web site for that time. Standing Lists must be renewed every 5 years.
- 5.5 Admission to a Standing List should be on the basis of a transparent, rational, justifiable evaluation of information submitted by prospective Suppliers relating to technical, financial and any other relevant matters determined by the Head of Procurement.
- 5.6 The Head of Procurement (in consultation with the Solicitor to the Council) may delete a supplier from a Standing List only where there is appropriate evidence and a written report justifying the action.
- 5.7 If there are insufficient suppliers on a Standing List, or too few are willing to submit Tenders, to meet the CPRs Tender requirements potential Suppliers must be sought as if a Standing List is not maintained.
- 5.8 Each Service Director must establish and advertise a set of fair, proportionate and transparent rules that reflect these CPRs which set out how Supplies will be procured through each Standing List which they are responsible for.

Council Framework Agreements and Dynamic Purchasing Systems

- 5.9 Framework Agreements and Dynamic Purchasing Systems may be used to source contracts for appropriate types of Supplies (subject to compliance with the UK Procurement Rules, as applicable).

- 5.10 Framework Suppliers will be chosen by a competitive process in accordance with these rules as if they were a Supply contract and in accordance with the UK Procurement Rules.
- 5.11 All Framework Agreements will be in the form of a written agreement detailing the method by which the Council will call off Supplies during the duration of the Framework Agreement and stating that there will be no obligation to order any Supplies of any type from a Framework Supplier.
- 5.12 Framework Agreements above the UK Threshold must be closed to new entrants and must not last longer than 4 years without this being justified in a written assessment of the exceptional factors present and the approval of the Head of Procurement.
- 5.13 Contracts created through Framework Agreements must not be greater than 4 years in duration without being justified in a written assessment of the exceptional factors present and the approval of the Head of Procurement.
- 5.14 Dynamic Purchasing Systems must:
 - 5.14.1 be set up by an advertised competitive process which is approved by the Head of Procurement; and
 - 5.14.2 remain advertised; and
 - 5.14.3 not limit the number of suppliers admitted to the system (but the system may be split into categories); and
 - 5.14.4 be set up with clear operative rules which involve obtaining Tenders from all suppliers on the system, or on the relevant category on the system, as appropriate; and
 - 5.14.5 be operated wholly electronically; and
 - 5.14.6 be open to new entrants; and
 - 5.14.7 be subject to consistent due diligence assessments of DPS participants
- 5.15 When using Framework Agreements or Dynamic Purchasing Systems, the Council must follow the procurement rules set out in the Framework Agreement or the Dynamic Purchasing System.
- 5.16 The Head of Procurement will ensure that the use of Framework Suppliers and Dynamic Purchasing Systems provide value for money, considering all procurement costs and alternative approaches.
- 5.17 The Head of Procurement will maintain a list of all approved Framework Agreements and Dynamic Purchasing Systems which Service Directors are permitted to use.

Use of Third Party Procurement Facilities

- 5.18 Supplies may be obtained through third party Frameworks Agreements (provided that the Head of Procurement is satisfied that using such a method is demonstrated to represent value for money) that:
 - 5.18.1 are created by a public body or a private sector party as agent of a public sector body which is approved by the Head of Procurement (see also CPR 5.1);
 - 5.18.2 have valid mechanisms that exist to enable the Council to use the Framework Agreement (including appropriate transparent referencing in the procurement documents and inclusion in the framework call of conditions);
 - 5.18.3 comply with the Council's Contract Procedure Rules, or in the opinion of the Head of Internal Audit, rules which are broadly comparable;
 - 5.18.4 where the UK procurement Rules apply, the procurement will not take the use of the

framework more than 10% over the framework's advertised value.

RULE 6 – EXCEPTIONS FROM COMPETITION

- 6.1 Subject to compliance with the UK Procurement Rules the following are exempted from the competitive requirements of these CPRs³:
- 6.1.1 where there is genuinely only one potential Supplier, such as for works of art and copyrighted material or unique technology, where no reasonable alternative or substitute exists and the absence of competition is not the result of an artificial narrowing down of the parameters of the procurement;
 - 6.1.2 items purchased or sold by public auction (in accordance with arrangements agreed by the Head of Internal Audit);
 - 6.1.3 the selection of a supplier whose usage is a condition of a Grant funding approval;
 - 6.1.4 the selection of a supplier on the instruction of a third party, providing the whole of the funding is met by the third party;
 - 6.1.5 where CPR 6.11 applies;
 - 6.1.6 counsel or other external legal advice, provided that the Solicitor to the Council takes steps to ensure that value for money is being obtained;
 - 6.1.7 a necessary Supply required extremely urgently, not due to any action or inaction of the Council, with the prior agreement of the Head of Internal Audit;
 - 6.1.8 direct award from an approved Framework Agreement (see CPR 5.18) which has validly been set up to be called off on a non-competitive basis and which was set up in accordance with the requirements of these CPR and the UK Procurement Rules;
- 6.2 The Service Director must make a written record of the justification for the selection of the Supplier. The Service Director must obtain the approval of the Head of Procurement before exercising the decision to apply an exception in respect of a supply valued in excess of £100,000. Value for money must be evidenced and recorded.

Trial Purchases

- 6.3 Service Directors may purchase a trial of a Supply which is new to the Council up to £100,000 without competition in order to ascertain if the Supply is of interest to the Council. Where an exception to competition in CPR 6.1 does not apply, a full competition compliant with the CPR must be held following the trial if the Service Director wishes to continue with the type of Supply.
- 6.4 Arrangements must be made to ensure that the Supplier involved in the trial has not acquired any advantage through that involvement when compared to any alternative suppliers of a similar product. The Head of Procurement must approve any proposed trial arrangement exceeding £25,000.
- 6.5 The procuring Service Director and the Head of Procurement may decide that;
- 6.5.1 An alternative means of selection of Suppliers to those required by these CPRs is appropriate (e.g. a Supplier shortlist other than described in these CPRs, negotiation with a single supplier not otherwise permitted, etc.) but they must record the reason for their decision and obtain the approval of the Head of Internal Audit.
 - 6.5.2 Following receipt of Tenders for the Supply, it is appropriate to seek to reduce the overall

³ When the UK Procurement Rules apply, these exemptions may not be permitted (Directors must check this)

cost, or change other terms of the Supply by negotiation with one or more suppliers which have submitted Tenders.

6.5.3 It is appropriate to negotiate a repeat, continuation or serial contract with an existing Supplier, by reference to the original Tender for the Supply.

6.5.4 The use of another local authority as a supplier of services by its own labour or as a procurement agent acting on behalf of the council without competition is appropriate (although subject to UK Procurement Rules).

Note in the above, in order to achieve internal check, the Head of Procurement alone cannot reach such decisions. Where the Head of Procurement is making a decision in relation to a Procurement exercise by their own Service Director, there must be consultation with the Head of Internal Audit.

Negotiated Contracts

6.6 Verbal negotiation must be undertaken by at least two Council Officers at least one of whom must be independent of the process and approved by (or included on a list of negotiators kept by) the Head of Procurement.

6.7 Written negotiation must be subject to evidenced independent check of process, calculation and overall value for money.

6.8 For any contract valued at above £100,000 the Service Director must obtain the approval of the Head of Internal Audit of the proposed terms of the negotiated Supply including its cost and the reason for choice before the contract is entered into.

Legal Issues

6.9 The Solicitor to the Council must be consulted in advance of any negotiation in respect of any contract estimated to exceed the UK threshold (except those in relation to Land where the Head for Corporate Property Management should be consulted irrespective of value).

6.10 The Head of Procurement will decide whether the purchase is likely to be on terms which would be acceptable to a private buyer operating under normal market economy conditions. If the Head of Procurement does not think that this is likely to be achieved, they must consult with the Solicitor to the Council about the possibility of subsidy control before approving the exemption from competition.

Mandatory suppliers, frameworks agreements or dynamic purchasing systems

6.11 In respect of defined categories of goods, works and services the Head of Procurement may determine (following a written risk assessment which, as appropriate, deals with the UK Procurement Rules and the possibility of state aid) that the use of one (or more) Suppliers is compulsory.

6.12 The Head of Procurement may also determine that Supplies of a particular type are to be obtained from Suppliers via a Framework Agreement or a Dynamic Purchasing System or Standing Lists, and set standards to be established in those arrangements.

6.13 Supplies must be obtained from internal Council Services (which are capable of supplying them directly) without competition except:-

6.13.1 where Cabinet has determined that Supplies of a particular kind will be subject

- to a competitive process;
- 6.13.2 in respect of the outsourcing of an activity having a value below £100,000;
- 6.13.3 in respect of services provided within schools;
- 6.13.4 in respect of ad hoc services for the design and construction of buildings or parts of buildings.

RULE 7 - RECORD KEEPING AND REPORTING

- 7.1 Service Directors must keep detailed written records of the progress of all procurement or disposal procedures (including negotiation). To that end, Service Directors must ensure that they keep sufficient documentation to justify decisions taken in all stages of the procedure, such as documentation on:-
- 7.1.1 communications with economic operators and internal deliberations;
 - 7.1.2 preparation of the procurement or sale documents;
 - 7.1.3 the dividing large procurements into contract Lots;
 - 7.1.4 consideration of social value in the commissioning and procurement process
 - 7.1.5 any interviews, other dialogue or negotiation;
 - 7.1.6 A risk log;
 - 7.1.7 supplier vetting; and
 - 7.1.8 reasons for award of the contract.
- The documentation must be kept for a period as defined within the Councils relevant retention schedule.
- 7.2 A full trail of electronic Tenders received must be recorded on the eProcurement Portal or retained in a database approved by the Head of Internal Audit.
- 7.3 All contracts over £5,000 must be reported to the Head of Procurement who will arrange to publish these transactions on the statutory contracts register (also see [Appendix 2Appendix 2](#)).
- 7.4 The relevant Service Director must complete the Council's standard 'Regulation 84 Report' template by the end of each procurement process which is subject the UK Procurement Rules.
- 7.5 Each Service Director must promptly provide to the Head of Procurement the information specified in [Appendix 2Appendix 2](#).
- 7.6 The Head of Procurement must ensure that the appropriate publications are made to comply with the Local Government Transparency Requirements (and each Service Director will notify the Head of Procurement of any expenditure above £500; also see CPR 7.3 above).
- 7.7 The Service Director must keep a written record of the reasons for using a negotiated procedure

RULE 8 - INCOME CONTRACTS & CONCESSIONS

- 8.1 CPR 8 Includes nil value and disposal contracts but excludes Land.
- 8.2 CPRs 8.2 to 8.8 apply when the Council intends to derive income from:-
- 8.2.1 the disposal of property (other than Land);
 - 8.2.2 the sale of a right to exploit a business opportunity;

8.2.3 the operation of business activity.

8.3 Where the Council is proposing to enter into an Income Contract at manifestly less than market value where the market value is estimated at £1,000 or more, the Head of Internal Audit must be consulted and they will decide whether this amounts to a Grant (and so FPR 4 applies instead of CPR 8).

The disposal of an asset (other than land and buildings)

8.4 The procedure for the disposal of assets e.g. surplus plant, vehicles, furniture, equipment and stock items (owned by the Council and not leased) is:-

8.4.1 assets valued up to £25,000 must be disposed of by a method chosen by the Service Director and a written justification of the choice retained;

8.4.2 assets valued above £25,000 must be disposed of following public notice either by open Tender process, closed Tender process involving at least 3 prospective purchasers or public auction, unless the interests of the Council would be better served by disposal in some other way.

8.4.3 Authority for alternative disposal methods must be granted by the Head of Procurement in consultation with the Head of Internal Audit and Risk. The use of the Council web site is permissible for this purpose.

8.4.28.4.4 All IT equipment should be disposed of in accordance with the contract arrangements put in place by IT services to ensure equipment is securely and safely dealt with in line with requirements.

8.5 Leased assets must be disposed of only in accordance with the instruction of the lessor.

The sale of a right to exploit a business opportunity

8.6 The letting of rights to exploit a business opportunity for the contractor's own benefit (for example, advertisement space on Council Land) (a 'business opportunity contract') must be subject to a written contract and must only take place following a competitive selection process asset out below or written approval of other means from the Head of Procurement based on a detailed business case which, where appropriate, includes consideration of matters such as state aid.

8.6.1 A business opportunity contract that will not generate income in excess of £25,000 over the duration of the contract may be sourced by any reasonable means and should be arranged and undertaken by the Service Director responsible for the activity.

8.6.2 The Head of Procurement must direct and supervise the tendering of any arrangement expected to generate income in excess of £25,000.

The operation of business activity, beyond that normally undertaken by a local authority.

8.7 If an Income Contract is intended to be or become profitable or be commercial in nature, advice must be obtained from the Solicitor to the Council.

8.8 If an Income Contract has any potential to distort the relevant market advice must be obtained from the Solicitor to the Council.

Concession Contracts

8.9 Concession contracts for works or services are a type of Supply contract and the procurement of all

Concessions shall follow the competitive and contracting requirements in these CPRs for Supplies.

- 8.10 Concession contracts for works or services above UK thresholds or more are subject to the Public Concessions Regulations 2016 and will be subject to such additional procurement process requirement(s) as the Head of Procurement feels are necessary to comply with these Regulations.

Valuation

- 8.11 The value of a Concession contract shall be the total turnover of the concessionaire generated over the duration of the contract, net of VAT, in consideration for the Supplies which are the object of the Concession contract and for any ancillary Supplies.
- 8.12 The value of an Income Contracts is the gross income generated by the Council as a result of the rights granted, or goods, works or services supplied by the Council.
- 8.13 When calculating the estimated value of a Concession contract or Income Contract, Service Directors shall, where applicable, take into account:-
- 8.13.1 the value of any form of option and any extension of the duration of the contract;
 - 8.13.2 revenue from the payment of fees and fines by the users of the works or services or public other than those collected on behalf of the Council;
 - 8.13.3 payments or any other financial advantages, in any form, from the Council or any other public authority to the contractor;
 - 8.13.4 the value of grants or any other financial advantages, in any form, from third parties for the performance of the contract;
 - 8.13.5 revenue from sales of any assets which are part of the contract;
 - 8.13.6 the value of all the supplies and services that are made available to the contractor by the Council, provided that they are necessary for executing the works or providing the services;
 - 8.13.7 any prizes or payments to candidates or tenderers.

RULE 9 - LAND

- 9.1 Procurement of Land will generally be by the means described in this CPR 9. The Head of Corporate Property Management must be consulted in respect of all Land transactions of any value except where the Solicitor to the Council authorises other nominated officers to deal with tenancies or licences for specific purposes.
- 9.2 The Head of Corporate Property Management (and any other Director authorised so to do) will arrange the acquisition or disposal of estates or interests in land (including any buildings erected on it) either pursuant to the authority delegated to him by a Service Director in accordance with Part 3 (Section F) of the Constitution or, in the case of a decision made by Cabinet then in accordance with the authority delegated to him from the Cabinet.
- 9.3 Where any proposed land transaction cannot be executed within the terms established in this rule, arrangements must be agreed between the Head of Corporate Property Management and the Solicitor to the Council, and details of the process leading to the transaction must be recorded, and the circumstances reported to Cabinet either for information, if falling within the delegated authority of officers, or in order to secure the relevant authority to give effect to the transaction.
- 9.4 Where Land is sold at a public auction, the Head of Corporate Property Management must submit a sealed reserve price (prepared by a qualified valuer on a professional basis) for consideration

alongside the bids submitted or made. If a successful bid is less than the reserve price then the Head of Corporate Property Management may accept a lower bid provided that such lower bid is not less than 10% below the professional valuation of the reserve price.

RULE 10 – EXECUTING CONTRACTS

Supplies

- 10.1 A Contract may only be awarded where the Service Director has sufficient approved budget to meet the first year costs and is satisfied that there is likely to be sufficient ongoing funding to meet the contractual cost through the anticipated life of the Contract.
- 10.2 Contracts for all Supplies (which includes call-offs from Framework Agreements and Dynamic Purchasing Systems), Concessions, Income Contracts and Framework Agreements up to the UK supplies and services threshold must be in writing and can be made by the Service Director either:
- where appropriate, by issuing the order through the Council's electronic purchasing system (currently SAP) and incorporating the correct standard terms; or
 - By issuing (electronically or on paper) contract terms which the Service Director has assessed as being appropriate both in terms of suitability and risk.
- 10.3 If the Service Director and Solicitor to the Council decide that it is appropriate for the Contract to be sealed (or if it is required by law), the Contract will be executed by the Solicitor to the Council.
- 10.4 The Head of Procurement must ensure that the Council's electronic procurement systems are setup so that the most appropriate Official Council Order are available to be attached to the supply being purchased.
- 10.5 Contracts for all Supplies (which includes call-offs from Framework Agreements and Dynamic Purchasing Systems), Concessions, Income Contracts and every Framework Agreement with an estimated value above the UK supplies and services threshold must be in writing and must (subject to CPR 10.6) be either:
- made under the corporate common seal of the Council, attested by one legal officer; or
 - signed by two legal officers;
 - a document shall be properly signed where it is physically signed in hardcopy format, or it is electronically signed in an electronic format approved by the Solicitor the Council;
- who have been nominated as Contract signatories by the Solicitor to the Council under their Scheme of Officer Delegations. The solicitor to the Council may authorise an external firm of lawyers to sign documents (and or initial and make amendments to documents) as agent on behalf of the Council.
- 10.6 Notwithstanding CPR 10.5, the Solicitor to the Council may authorise officers who are not Legal Officers to sign specific or specialist Contracts for Supplies above the UK supplies and services threshold. Two authorised officers must sign each such Contract.
- 10.7 The Solicitor to the Council may, subject to including appropriate restrictions and/or instructions designed to achieve valid execution of the relevant Contracts and suitable record keeping, provide

third parties with a power of attorney to sign Council Contracts of values below the UK Threshold for supplies and services.

Land

- 10.8 The Solicitor to the Council will complete all land transactions, including acquisition or disposal by way of freehold or leasehold purchase or sale or the taking or granting of all short or long term leases or tenancies and other deeds and documents associated with Land. The Solicitor to the Council may nominate other officers to enter into Land commitments and arrangements using documentation previously approved by the Solicitor to the Council.
- 10.9 Any Contract for the sale or acquisition of, or any other deed or document relating to, Land must either be signed by, or have the corporate common seal affixed in the presence of, the Solicitor to the Council (or by a legal officer nominated by him or her). Additionally, the Solicitor to the Council may authorise other nominated officers to be authorised signatories to tenancies or licences for specific purposes as referred to in CPR 9.1.

General

- 10.10 The Solicitor to the Council is entitled to sign any agreement in any way related to Procurement, Supplies, Concessions or Income Contracts or any security instrument (regardless of whether another officer including the Chief Executive may sign such things), subject to CPR 10.5 and provided that this is not subject to any contrary direction from the Council or Cabinet.
- 10.11 The Solicitor to the Council may authorise an external property auctioneer to sign as agent for the Council, a Sale Memorandum to record the property price and terms of conditions of sale.

RULE 11 – VARIATION AND TERMINATION OF CONTRACTS AND RELEASE OF BONDS

- 11.1 It is recognised that during the term of a Contract, modifications may be proposed, which if adopted would result in additional Works, Goods and/or Services, which were not considered when the original procurement took place, being procured or otherwise would alter the overall nature of the Contract. There are significant limitations upon the Council being able to make such modifications, especially where the Regulations apply. When considering a variation, modification or the termination of an existing Contract, advice must be sought in advance from the Corporate Procurement Service and with the Solicitor to the Council.
- 11.2 A Service Director may terminate any contract strictly in accordance with any contractual provision which allows for termination without fault, but with prior consultation with the Head of Procurement if alternative Supplies would be required.
- 11.3 A Service Director, in consultation with the Solicitor to the Council, has the power to terminate any contract in the event of any breach of contract justifying termination, where in the opinion of these officers no other remedy is appropriate. Where the financial implications of a decision to terminate a contract exceed, or may exceed £100,000, the reason for termination and any consequences must be reported to the next meeting of the Cabinet.
- 11.4 The Solicitor to the Council may release any bond held by the Council, on request from the Head of Procurement.
- 11.5 The Head of Internal Audit is entitled to negotiate with any bond issuer on sums of settlement proposed, and in consultation with the Solicitor to the Council accept such proposed sums.

- 11.6 Service Directors may vary contracts by operating 'clear, precise and unequivocal contractual review clauses' which were advertised in the original Procurement, strictly in accordance with the contract.
- 11.7 Any variation with a value above £25,000 to a contract which cannot be fulfilled by following CPR 11.6 must be subject to the approval of the Head of Procurement.
- 11.8 Any variation to a contract which cannot be fulfilled by following CPR 11.6 must be made in writing and signed in accordance with CPR 10 even if it does not need a competitive Procurement process.
- 11.9 Subject to approval of the Solicitor to the Council and the Head of Procurement contracts may be novated to another Supplier where permitted by an express provision to novate in the terms and conditions of contract; or in the event of a successor due to the original Supplier carrying out a corporate restructuring, merger, acquisition, takeover or insolvency. The new Supplier must comply with the requirements under the original contract.

RULE 12 - MISCELLANEOUS

- 12.1 A Special Purpose Vehicle (as a limited liability company or otherwise) to be wholly or partially owned or controlled by the Council, will only be formed or joined on the approval of the Cabinet, following a detailed evaluation by the Solicitor to the Council and the Chief Finance Officer. This does not apply to any purchase of shares or similar for the purpose of investment.

~~Approved by Council~~
~~Apply from 25th May 2023~~

DEFINITIONS

DEFINITION	DESCRIPTION
Award Criteria	Relate directly to the goods, services or works to be provided. Award criteria evaluate supplier's offers made in relation to fulfilling the Council's requirements for the Supply, in particular the Specification.
Chief Executive	The Chief Executive is the head of the Council's paid staff and its principal adviser on policy matters and leads the discharge of Council strategy and responsibilities.
Chief Finance Officer	Means the Service Director – Finance
Commissioning	The relationship between commissioning and procurement is described in the diagram in Appendix 3.
Concession	Is where a Supplier is remunerated mostly through being permitted to run and exploit the work or service and is exposed to a potential loss on its investment.
Conflict of Interest	Means any interest outside of the Council which may appear to an objective bystander to affect the fair judgment of an Officer or Member or any other person acting on the Council's behalf in the Procurement of a Supply or the disposal of property (including Land). The concept of conflict of interest shall at least cover any situation where the relevant person has, directly or indirectly, a financial, economic or other personal interest which might be perceived to compromise their impartiality and independence in the context of a Procurement or sale procedure.
Contract	Means any form of contract, agreement for the supply of any works, goods, or services that the Council enters into (whether by purchase, lease, hire or any other arrangement).
Contract Procedure Rules (CPRs)	Means these Contract Procedure Rules.
Data Protection Legislation	Means all applicable data protection and privacy legislation in force from time to time in the UK including the retained EU law version of the General Data Protection Regulation ((EU) 2016/679) (UK GDPR), the Data Protection Act 2018 (DPA 2018) (and regulations made thereunder), the Privacy and Electronic Communications Regulations 2003 (SI 2003/2426), the Data Protection, Privacy and Electronic Communications (Amendments etc) (EU Exit) Regulations 2019/419 and the guidance and codes of practice issued by the Information Commissioner or other relevant regulatory authority.

DEFINITION	DESCRIPTION
Dynamic Purchasing System (DPS)	Is a procurement tool available for contracts for works, services and goods commonly available on the market. It has its own specific set of requirements (as set out in Regulation 34 of the Public Contracts Regulations 2015); for example, it must be run as a completely electronic process, must remain open to new entrants, all suppliers on the relevant category in the Dynamic Purchasing System must be invited to quote for all contracts and it should be set up using the restricted procedure.
eProcurement Portal (YORTender)	The on-line Supplier and Contract Management System used by the Council to operate e-tenders and for the online management of suppliers and contracts and to advertise contracts. Currently available at https://yortender.eu-supply.com
Financial Ratio	Is a pre-set method of determining a supplier's financial standing, such as turnover, net asset value, and profitability.
Find A Tender Service (FTS)	"Find a Tender" means the UK e-notification service where notices for new procurements are required to be published;
Financial Procedure Rules (FPRs)	The Financial Procedure Rules.
Framework Agreement	Means an agreement between a Contracting Authority and one or more Suppliers which operates as a Procurement tool through which contracts for Supplies can be sourced. Framework Agreements which deal with Supplies that are above, or aggregate above, the UK Threshold are subject to the Public Procurement Rules. They set out the terms for the Supply (often including the price) and the method for calling off orders. 'Framework' and 'Framework Suppliers' shall be construed accordingly.
Head of Corporate Property Management	Means the officer appointed by the Service Director who is responsible for corporate property management functions.
Head of Internal Audit	Means the officer appointed by the Chief Executive who is responsible for Internal audit.
Head of Procurement	Means the officer appointed by the Service Director – Legal, Governance & Commissioning who is responsible for Corporate Procurement.
Income Contract	An Income Contract is one where the main object of the contract is that the Council does something in relation to a Council asset ⁴ and includes situations where the Council does so at nil value (subject to this not being a Grant – see Appendix 4 Appendix 4).

⁴ For contracts where the Council provides services to another body, please refer to FPRs 20.4-20.6

DEFINITION	DESCRIPTION
Land	“Land” includes any interest in land (including buildings) and any easement or right in or over land
Local Government Transparency Requirements	Means the statutory codes and legislation requiring the Council to publish information, such as ⁵ the Local Government Transparency Code and certain Regulations within the Public Contracts Regulations 2015.
Official Council Order	A standard form of contract for a Supply for a value of less than the current UK supplies and services threshold approved by the Solicitor to the Council whether attached electronically or by paper to an order for Supplies.
Personal Data	<p>Means data which relate to a living individual who can be identified—</p> <ul style="list-style-type: none"> (a) from those data, or (b) from those data and other information which is in the possession of, or is likely to come into the possession of, the data controller, <p>and includes any expression of opinion about the individual (e.g. references) and any indication of the intentions of the data controller or any other person in respect of the individual.</p>
Procurement	<p>The purchase, contract hire, lease, rental⁶ or any other form of acquisition which results in a contract for Supplies where the Council is the buyer (therefore, in the context of the CPR, this does not include the Council providing the Supply to itself or gifts). Procurement also includes the establishment of Standing Lists, Framework Agreements and Dynamic Purchasing Systems. ‘Procurement’ and ‘Procured’ shall be construed accordingly.</p>
Public Procurement Rules	The rules on procurement for Supplies above the UK Threshold are subject to the statutory requirements outlined in the Public Contracts Regulations 2015 and those described in the Public Procurement (Amendment etc.) (EU Exit) Regulations 2020 (EU Exit Regulations).
Reasonable Means	Methods of selection or advertising which reflect reasonable trade practice. This might include informal briefs, supplier written Tenders or proposals, verbal or telephone quotes (which are then written down), comparative pricing for suitable supplies over the internet.
Senior Manager	Means an officer who reports directly to a Head of Service.

⁵ The words “including”, “include”, “for example”, “e.g.”, and “such as” in these CPRs indicate examples and are not intended to be limiting

⁶ Note: Contract hire, lease and rental agreements require the specific advance approval of the Director of Resources or their delegate [See the FPR].

DEFINITION	DESCRIPTION
Service	A grouping of departments or other sections of the Council which is under the overall responsibility of a Service Director.
Service Director	Means the most senior officer responsible for the day to day functions of each Service.
Social Value	Means The Public Services (Social Value) Act 2012 ('Social Value Act') that requires the Council to consider how a procurement over the relevant thresholds could improve the economic, social and environmental wellbeing of the district
Solicitor to the Council	Means the Service Director – Legal, Governance & Commissioning in the role as legal advisor to the Council.
Special Purpose Vehicle	Companies (limited by shares, or otherwise) or any other legal entity, established by or in which the Council participates whether alone or with others to provide specific Supplies to the Council.
Specification	A written document detailing the Council's requirements. This can include things such as definitions, acceptance test methods, material requirements or characteristics, drawings, plans, certifications of compliance with standards, workmanship, data security measures, quality control including performance testing and KPIs, completion, delivery, safety, timing, key personnel qualities, communication requirements, returns policies and tolerances.
Standing List	A list of suppliers who are assessed as suitable to provide Supplies to the Council prepared in accordance with CPR 5.
Suitability Criteria	Relate to the assessment or vetting of suppliers' general capability, fidelity, skill, competence, etc. to carry out the contract. 'Suitability' shall be interpreted accordingly.
Supplier	Any person, partnership, company, or other organisation, which provides or contractually offers to provide any Supply to the Council or on behalf of the Council.
Supply / Supplies	Means the supply of any works, goods, or services; being provided, or to be provided, to or on behalf of the Council (whether by purchase, lease, hire or any other arrangement).
Tender	A written offer in relation to a Supply or Disposal of Assets making reference to a price and (where applicable) other information.
UK Threshold	The financial threshold from time to time at which the UK Procurement Rules are applicable to a Supply. Current UK Thresholds are set out in Appendix 1Appendix 1.
Value for Money	Securing the best mix of quality and effectiveness for the least outlay over the period of use of the goods or services bought.

DEFINITION	DESCRIPTION
Whole Life Costing Approach	<p>Is an approach which addresses all the elements of a Supply over its life cycle such as:-</p> <ul style="list-style-type: none"> • costs relating to acquisition, • costs of use, such as consumption of energy and other resources, • maintenance costs, • end of life costs, such as collection and recycling costs which can be used to produce a spend profile of the Supply over its anticipated lifespan.

Appendix 1

Relevant Thresholds in Public Contract Regulations inclusive of VAT Microsoft Word - Procurement Policy Note 10:21 - New Thresholds Values and Inclusion of VAT in Contract Estimates.docx (publishing.service.gov.uk)	
Supply and service contracts	£21 3 , <u>4774,904</u>
Light Touch Regime Contracts (Annex XIV)	£663,540
Works contracts	£5,3 72 , <u>60936,937</u>
Concession contracts	£5,3 72 , <u>60936,937</u>

- ◆ These are current the values for the purposes of these CPRs. The threshold values to be used will be those applicable at the commencement of the procurement process. The thresholds are updated every two years with the next update due on the 1 January 202~~6~~4

Appendix 2

Information to be Reported to the Head of Procurement (RULE 7 – RECORD KEEPING AND REPORTING)

	Information	When
A.	Details of all contracts awarded for Supplies of £5,000 or above following a competitive process including the name of the Supplier, and amount of the Tender and if the chosen supplier was not the cheapest, then the same information in relation to unsuccessful Suppliers, and the reason why the successful Supplier was chosen.	When requested
B.	Details of all contracts awarded for Supplies of £100,000 or above, which result from negotiation including the reason for negotiation and the name of the successful Supplier and value of the contract.	When requested
C.	Details of all contracts awarded for supplies of £5,000 or above which a Service Director considered to be exempt from the competitive requirements by virtue, including the reason for the exemption.	When requested
D.	Contracts with a value of £5,000 or more see CPR, with the following information: <ol style="list-style-type: none"> 1. reference number 2. title of agreement 3. Contract Manager; name of person responsible for managing the contract 4. description of the goods and/or services being provided 5. Supplier name and details 6. sum to be paid over the length of the contract (or if unknown, the estimated annual spending or budget for the contract) 7. start, end and review dates, including permitted extensions 8. whether or not the contract was the result of an invitation to quote or a published invitation to tender, and 9. whether or not the Supplier is a small or medium sized enterprise and/or a voluntary or community sector organisation and where it is, provide the relevant registration number 10. whether or not the contract involves processing personal data 	In All Cases on Contract Award
E.	All other information necessary to enable compliance with the Council's obligations under legislation and regulation to publish data about its contractual arrangements and payments.	In All Cases on Request
F.	Copies of Regulation 84 reports	All cases where the Public Procurement Rules apply on Contract Award

Appendix 3

Relationship between Commissioning and Procurement



Appendix 4

How to decide if a procurement or grant is applicable

- The Council obtains supplies of goods, works, and services from external suppliers and normally uses competitive processes to do so in accordance with the Contract Procedure Rules (CPRs)
 - It is always appropriate to use procurement to obtain **goods** and **works**, and this is the usual preference to obtain **services**.
 - There may though be some occasions when a grant may be an appropriate way to achieve the priorities of the Council. The information below aims to provide a guide to support commissioners to think about whether a grant or procurement is the most appropriate method in obtaining and/or supporting a particular **service**.
1. If you are seeking to obtain **goods** or **works** you should **procure as per CPRs**
 2. If you are seeking to obtain a **service** and can answer **YES** to **ANY** of the following, you should **procure as per CPRs**
 - Is there an intention to specify service standards and outputs required?
 - Will payment be reduced/alterd if service standards are not met, or additional payment be made if there are claims for additional costs incurred?
 - Are there opportunities for change control?
 - Is there a contractual obligation on both parties?
 - Is there an intention to have active management of the provider?
 3. If you are seeking to use a supplier that is a commercial i.e., profitmaking organisation this would generally require procurement as per CPRs. If the organisation is a genuine “not for profit” organization or charity you should discuss further with the Procurement team.
 4. If you are seeking a **service** and can answer **YES** to **ANY** of the following, you can consider use of a **Grant as per FPRs**
 - Is there an intention to broadly support an activity, with expected outcomes, but no clear obligations on the provider?
 - Is the intention to support parts of an existing activity?
 - Is the intention to provide a subsidy to existing service users
 - Is the council’s only ultimate remedy to withhold payment of a next phase of grant, seek clawback or to refuse to fund future activity by the provider?
 - Is the intention to meet a stated set of costs, and an intention that the provider should not profit from the support?

Important notes/advice

- Always remember to check with the Procurement team if unsure.
- A competition will generally be appropriate to select which parties are entitled to receive grants.
- Grants still require a grant agreement.
- Grants which involve procurement by a third party require use of competition in selection of their suppliers (broadly aligning with council CPRs)

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Report title: Proposed Amendments to Financial Procedure Rules

Meeting	Corporate Governance & Audit Committee
Date	10th May 2024
Cabinet Member (if applicable)	
Key Decision Eligible for Call In	No No – If no give reason
Purpose of Report To provide information on proposed changes to Financial Procedure Rules for the municipal year 2024/25	
Recommendations <ul style="list-style-type: none"> Advise Council to approve the proposed changes to Financial Procedure Rules 3 (various) and Financial Procedure Rule 22.5 Reasons for Recommendation <ul style="list-style-type: none"> To clarify arrangements to ensure sound governance and control of capital investments in general, and the receipt of grants from government and other bodies 	
Resource Implication: There are no direct resource implications, as all the processes described should be followed already.	
Date signed off by <u>Strategic Director</u> & name	Not applicable
Is it also signed off by the Service Director for Finance?	I Brittain Service Director- Finance
Is it also signed off by the Service Director for Legal Governance and Commissioning?	J. Muscroft Service Director - Legal Governance and Commissioning

Electoral wards affected: all

Ward councillors consulted: not applicable

Public or private: public

Has GDPR been considered?

yes

1. Executive Summary

- 1.1 This report sets out information on proposed changes to Financial Procedure Rules for the year 2024/25.
- 1.2 There are some proposed changes to the capital budgeting and budgetary control arrangements and minor proposed changes regarding grants. The sections affected are most of FPR3 and clause 5 of section 22.

2. Information required to take a decision

- 2.1 All the text changes are shown in Appendix 1 by a table showing the as now and as proposed against each paragraph.
- 2.2 The changes proposed in this report are intended to;
- 2.3
 - (a) Make clear that once Council have determined a capital plan, all specific projects, or programmes of expenditure require a business case that must be approved by Cabinet.
 - (b) Otherwise, there are no changes to financial limits or authority, and the same procedures are presented in a way intended to be slightly simplified and easier to follow
 - (c) Identifies that grants received from government and West Yorkshire Combined Authority (WYCA) require formal incorporation into the councils budget processes, including an approved business case for any capital investment, as (a) above
 - (d) require that any onerous grant conditions are subject to Cabinet approval

3. Implications for the Council

Improving governance, through clearer financial procedure rules, should lead to more effective service delivery.

3.1 Working with People

Not directly applicable.

3.2 Working with Partners

Not directly applicable.

3.3 Place Based Working

Not directly applicable.

3.4 Climate Change and Air Quality

Not directly applicable.

3.5 Improving outcomes for children

Not directly applicable.

3.6 Financial Implications

Effective and clear financial procedure rules assist with strong governance and open decision making, and should improve financial control

3.7 Legal Implications

Effective and clear financial procedure rules assist with compliance, governance and open decision making

3.8 Other (e.g. Risk, Integrated Impact Assessment or Human Resources)

Implementation of should improve overall control arrangements and promote good governance.

4 Consultation

These changes have been prepared by officers of Finance and Legal Governance & Commissioning (Risk) service based on issue of control that have arisen during the last year. The proposed changes have been discussed with the councils senior management

5 Engagement

None beyond consultation as noted above.

6 Options

6.1 Options Considered

The proposals are minor redrafting to clarify the position

Alternatives would be

- To make no change whatsoever.
- To fundamentally redraft the control arrangements
-

6.2 Reasons for recommended Option

There is currently no reason to fundamentally rewrite financial procedure rules (FPRs), which are based around a governance process that allocates responsibilities to Council, Cabinet and officers. In practice the bulk of FPRs are officer processes, and responsibilities, although the areas proposed for change largely relate to the Cabinet officer interface- being clearer what decisions require Cabinet involvement. However, at some stage a rewrite of much of the officer responsibility parts of basic financial administration may be appropriate to reflect the fundamental financial processes now being controlled through electronic information systems rather than by paper records.

7 Next steps and timelines

- Requires formal approval of Annual Council

8 Contact officer

Martin Dearnley Head of Risk (martin.dearnley@kirklees.gov)

Philip Deighton, Head of Budgeting (phil.deighton@kirklees.gov.uk)

9 Background Papers and History of Decisions

Existing Financial Procedure Rules

10 Appendices

Table of detailed changes in appendix1

11 Service Director responsible

Isabel Britain- Service Director Finance

Julie Muscroft- Service Director Legal, Governance & Commissioning

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PROPOSED AMENDMENTS TO FINANCIAL PROCEDURE RULES
CAPITAL (SECTION 3) & GRANTS (SECTION 22)

CAPITAL (SECTION 3)	
<p>General</p> <p>3.1 For the purposes of capital investment plan preparation and management, “capital” must meet the following criteria: (a) the definition for capital as set out in relevant CIPFA accounting guidance and accounting standards, and any other statutory Government guidance as set from time to time. (b) Subject to (a) above, a minimum threshold or ‘de minimis’ to be considered capital at an individual project level, as determined by the Chief Finance Officer. (The usual de minimis level is £10,000)</p> <p>3.2 All capital investment must also be made in recognition of the CIPFA ‘Prudential Code for Capital Expenditure with regard to prudence, affordability and sustainability, and any associated statutory Government guidance’. Council must approve an annual Capital Strategy and annual (Non-Treasury) Investment Strategy in line with the guidance</p>	<p>General</p> <p>3.1 For the purposes of capital investment plan preparation and management, “capital” must meet the following criteria: (a) the definition for capital as set out in relevant CIPFA accounting guidance and accounting standards, and any other statutory Government guidance as set from time to time. (b) Subject to (a) above, a minimum threshold or ‘de minimis’ to be considered capital at an individual project level, as determined by the Chief Finance Officer. (The usual de minimis level is £10,000)</p> <p>3.2 All capital investment must also be made in recognition of the CIPFA ‘Prudential Code for Capital Expenditure with regard to prudence, affordability and sustainability, and any associated statutory Government guidance’. Council must approve an annual Capital Strategy and annual (Non-Treasury) Investment Strategy in line with the guidance</p>
<p>Responsibilities</p> <p>3.3 The Council is responsible for determining the Council's Capital Investment Plan and approving the prudential indicators and limits that support the capital investment.</p>	<p>Responsibilities</p> <p>3.3 The Council is responsible for determining the Council's Capital Investment Plan and approving the prudential indicators and limits that support the capital investment.</p>

PROPOSED AMENDMENTS TO FINANCIAL PROCEDURE RULES
CAPITAL (SECTION 3) & GRANTS (SECTION 22)

<p>3.4 The Cabinet is responsible for recommending to the Council at the same time as the proposed Revenue Budget, a multi-year Capital Investment Plan and the prudential indicators and limits that support the recommended capital investment.</p> <p>3.5 The Council will determine allocations of capital resources to programme areas, or to specified projects.</p> <p>3.6 The Cabinet is responsible for implementing the Capital Plan approved by Council, in line with any stated Council policies, or strategies.</p>	<p><u>3.3 The Chief Finance Officer will advise the Cabinet and the Council on the overall Capital Investment Plan and levels of funding available. The Chief Finance Officer must confirm the robustness of the capital plan and assess and report to Cabinet on the revenue effects of the capital plan (financing, additional running costs, savings and income) and indicating the prudential indicators and limits that support the capital investment.</u></p> <p>3.4 The Cabinet is responsible for recommending to the Council at the same time as the proposed Revenue Budget, a multi-year Capital Investment Plan and the prudential indicators and limits that support the recommended capital investment.</p> <p>3.5 The Council will <u>approve a Capital Investment Plan and</u> determine allocations of capital resources to programme areas, or to specified projects. <u>(and the prudential indicators and limits that support the recommended capital investment)</u></p> <p>3.6 The Cabinet is responsible for implementing the Capital Plan approved by Council, in line with any stated Council policies, or strategies, <u>and will determine the allocation of resources from the programme area to named projects. A programme or named project</u></p>
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PROPOSED AMENDMENTS TO FINANCIAL PROCEDURE RULES
CAPITAL (SECTION 3) & GRANTS (SECTION 22)

<p>3.7 The Chief Finance Officer will advise the Cabinet and the Council on the overall Capital Investment Plan and levels of funding available. The Chief Finance Officer must confirm the robustness of the capital plan and assess and report to Cabinet on the revenue effects of the capital plan (financing, additional running costs, savings and income) and indicating the prudential indicators and limits that support the capital investment.</p> <p>3.8 Service Directors are responsible for managing programmes and projects and must make appropriate arrangements to control projects and avoid overspending.</p>	<p><u>may only be progressed once the Cabinet has approved the business case for the programme or project.</u></p> <p>3.7 — The Chief Finance Officer will advise the Cabinet and the Council on the overall Capital Investment Plan and levels of funding available. The Chief Finance Officer must confirm the robustness of the capital plan and assess and report to Cabinet on the revenue effects of the capital plan (financing, additional running costs, savings and income) and indicating the prudential indicators and limits that support the capital investment.</p> <p>3.78 Service Directors are responsible for managing programmes and projects and must make appropriate arrangements to control projects and avoid overspending.</p>
<p>Capital Investment Plan Preparation.</p> <p>3.9 The Chief Finance Officer will prepare draft investment plans in accordance (where set) with the planning totals. Service Directors are responsible for providing details of all programmes and projects in a format prescribed by the Chief Finance Officer.</p>	<p><u>Capital Investment Plan Preparation.</u></p> <p>3.9 — The Chief Finance Officer will prepare draft investment plans in accordance (where set) with the planning totals. Service Directors are responsible for providing details of all programmes and projects in a format prescribed by the Chief Finance Officer.</p>

PROPOSED AMENDMENTS TO FINANCIAL PROCEDURE RULES
CAPITAL (SECTION 3) & GRANTS (SECTION 22)

<p>Plan Management</p> <p>3.10 Where the Council has allocated resources to a programme area, the Cabinet will determine the allocation of resources from the programme area to named projects.</p> <p>3.11 The Cabinet is authorised to transfer resources without restrictions. including between any year, within the approved capital plan, subject to compliance with 3.14 and 3.16.</p> <p>3.12 Service Directors are authorised to.</p> <p>(1) Transfer resources within a programme area without restrictions. (2) Transfer resources between any project or programme area up to a maximum of £2,000,000 in any financial year. (3) Transfer resources within programme areas between any year within the approved capital plan,</p> <p>Subject to compliance with 3.13 and 3.15 and notification to the relevant Cabinet Member and appropriate Ward Members.</p>	<p>Plan Management</p> <p>3.10 Where the Council has allocated resources to a programme area, the Cabinet will determine the allocation of resources from the programme area to named projects.</p> <p>3.11 The Cabinet is authorised to transfer resources without restrictions. including between any year, within the approved capital plan, subject to compliance with 3.114 and 3.136.</p> <p>3.12 Service Directors are authorised to.</p> <p>(1) Transfer resources within a programme area without restrictions. (2) Transfer resources between any project or programme area up to a maximum of £2,000,000 in any financial year. (3) Transfer resources within programme areas between any year within the approved capital plan,</p> <p>Subject to compliance with 3.103 and 3.115 and notification to the relevant Cabinet Member and appropriate Ward Members.</p>
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PROPOSED AMENDMENTS TO FINANCIAL PROCEDURE RULES
CAPITAL (SECTION 3) & GRANTS (SECTION 22)

<p>3.13 Transfers under 3.10 to 3.12 require the approval of the Chief Finance Officer who must be satisfied that there is no impact on capital funding stream because of the changes.</p> <p>3.14 The transfer of revenue resources in any one financial year from the revenue budget to add additional resources to the capital plan, will only be allowed if there is explicit prior year approval as part of the approved budget plans of the Council for the following financial year.</p> <p>3.15 Transfer is not permitted between HRA funded and General Fund funding streams, nor in respect of any project (or programme) to the extent that it is funded by a project (or programme) specific third-party grant.</p> <p>3.16 Any decision on resource allocation by Cabinet, Strategic and Service Directors (3.11 to 3.15) must recognise any policy decisions of Council. Any decision on resource allocation by Strategic and</p>	<p>3.10³ Transfers under 3.810 and 3.9to 3.12 require the approval of the Chief Finance Officer who must be satisfied that there is no impact on capital funding stream because of the changes.</p> <p>3.14 The transfer of revenue resources in any one financial year from the revenue budget to add additional resources to the capital plan, will only be allowed if there is explicit prior year approval as part of the approved budget plans of the Council for the following financial year.</p> <p>3.11⁵ Transfer is not permitted between HRA funded and General Fund funding streams, nor in respect of any project (or programme) to the extent that it is funded by a project (or programme) specific third-party grant.</p> <p><u>3.12 The transfer of revenue resources in any one financial year from the revenue budget to add additional resources to the capital plan, will only be allowed if there is explicit prior year approval as part of the approved budget plans of the Council for the following financial year.</u></p> <p>3.13⁶ Any decision on resource allocation by Cabinet, Strategic and Service Directors (3.11 to 3.15) must recognise any policy decisions of Council. Any decision on resource allocation by Strategic</p>
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PROPOSED AMENDMENTS TO FINANCIAL PROCEDURE RULES
CAPITAL (SECTION 3) & GRANTS (SECTION 22)

<p>Service Directors (3.12-3.15) must recognise any policy decisions of Cabinet.</p> <p>3.17 The Chief Finance Officer will report to the Cabinet on the overall management of the Capital Investment Plan on a quarterly basis through the year (including the reporting of virements in respect of transfer of resources within or between programmes. The Cabinet will provide summary monitoring information to the Council at least twice per year.</p>	<p>and Service Directors (3.12-3.15) must recognise any policy decisions of Cabinet.</p> <p>3.147 The Chief Finance Officer will report to the Cabinet on the overall management of the Capital Investment Plan on a quarterly basis through the year (including the reporting of virements in respect of transfer of resources within or between programmes). The Cabinet will provide summary monitoring information to the Council at least twice per year. <u>This will include any additional capital grant funding received during the year.</u></p>
<p>Initiating and Progressing Investment Decisions</p> <p>3.18 The Chief Executive will establish arrangements, delegated as appropriate to a lead Strategic Director in conjunction with the Chief Finance Officer, to ensure effective deployment of capital resources, ensuring that these align with council priorities and including the preparation of business cases and/or option appraisals designed to ensure project effectiveness and value for money, and to assist Council to determine its Capital Investment Plan, and assist Cabinet with the allocation of programme area budgets to specific projects. For these purposes the Strategic Director and Chief Finance Officer may approve the incurring of fees for option appraisal or initial design fees, subject to the identification of an appropriate funding</p>	<p>Initiating and Progressing Investment Decisions</p> <p>3.158 The Chief Executive will establish arrangements, <u>delegated as appropriate to a lead Strategic Director</u> in conjunction with the Chief Finance Officer, to ensure effective deployment of capital resources, ensuring that these align with council priorities and including the preparation of business cases and/or option appraisals designed to ensure project effectiveness and value for money, and to assist Council to determine its Capital Investment Plan, and assist Cabinet with the allocation of programme area budgets to specific projects. For these purposes the Strategic Director and Chief Finance Officer may approve the incurring of fees for option appraisal or initial design fees, subject to the identification of an appropriate</p>

PROPOSED AMENDMENTS TO FINANCIAL PROCEDURE RULES
CAPITAL (SECTION 3) & GRANTS (SECTION 22)

<p>source. This can include payment to a contractor for initial project scoping and design, provided that such costs are covered by an identified funding source.</p> <p>3.19 A capital outlay report will be prepared for each specific project. It will be signed off by the relevant programme manager and approved by the Chief Finance Officer, who will grant approval to each specific project when satisfied that:</p> <p>a) The project appears on a schedule of named projects (approved by Council or Cabinet, or by officers under a scheme approved by Cabinet).</p> <p>b) That the total costs of a project are estimated to be less than or equal to the amount approved in the Capital Investment Plan. OR Where the total costs of a project exceed the amount approved in the Capital Investment Plan the appropriate additional resources has been approved; (3.10 to 3.14),</p> <p>c) Any necessary external approval has been obtained.</p> <p>d) The project will not lead to any unexpected or unplanned costs, not envisaged by the business case or option appraisal.</p>	<p>funding source. This can include payment to a contractor for initial project scoping and design, provided that such costs are covered by an identified funding source.</p> <p>3.169 A capital outlay report will be prepared for each specific project. It will be signed off by the relevant programme manager<u>Head of Service</u> and approved by the Chief Finance Officer, who will grant approval to each specific project when satisfied that:</p> <p>a) The project appears on a schedule of named projects (approved by Council or Cabinet, or by officers under a scheme approved by Cabinet).</p> <p>b) That the total costs of a project are estimated to be less than or equal to the amount approved in the Capital Investment Plan. OR Where the total costs of a project exceed the amount approved in the Capital Investment Plan the appropriate additional resources has been approved; (3.810 to 3.124),</p> <p>c) Any necessary external approval has been obtained.</p> <p>d) The project will not lead to any unexpected or unplanned <u>capital or revenue</u> costs, not envisaged by the business case or option appraisal.</p>
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PROPOSED AMENDMENTS TO FINANCIAL PROCEDURE RULES
CAPITAL (SECTION 3) & GRANTS (SECTION 22)

<p>The Chief Finance Officer may issue a partial approval (for example to cover a design stage) provided that there are sufficient resources to cover that stage. The Solicitor to the Council may only issue a contract that aligns with this authorisation.</p> <p>3.20 Service Directors have authority to progress projects once the approvals at 3.19 have been given. They must ensure compliance also with Contract Procedure Rules.</p> <p>3.21 Strategic Directors are responsible for post implementation reviews of capital projects to assess the outcome of investment programmes and projects, and the extent to which these achieved the planned objectives set out in the business case, this assessment to be used in summary to Cabinet and Council as a part of the overall financial reporting and monitoring process.</p> <p>3.22 The Chief Finance Officer is permitted to make variations to capital funding as necessary in order to ensure that the council funding position is optimised, subject to reporting such actions to Cabinet and Council.</p>	<p>The Chief Finance Officer may issue a partial approval (for example to cover a design stage) provided that there are sufficient resources to cover that stage. The Solicitor to the Council may only issue a contract that aligns with this authorisation.</p> <p>3.20–17 Service Directors have authority to progress projects once the approvals at 3.169 have been given. They must ensure compliance also with Contract Procedure Rules.</p> <p>3.218 Strategic Directors are responsible for post implementation reviews of capital projects to assess the outcome of investment programmes and projects, and the extent to which these achieved the planned objectives set out in the business case, this assessment to be used in summary to Cabinet and Council as a part of the overall financial reporting and monitoring process.</p> <p>3.1922 The Chief Finance Officer is permitted to make variations to capital funding as necessary in order to ensure that the council funding position is optimised, subject to reporting such actions to Cabinet and Council.</p>
Complex Projects	Complex Projects

PROPOSED AMENDMENTS TO FINANCIAL PROCEDURE RULES
CAPITAL (SECTION 3) & GRANTS (SECTION 22)

<p>3.23 Any capital project which involves partnership arrangements, or investment in limited companies or other separate entities must be approved by Cabinet.</p>	<p>3.203 Any capital project which involves partnership arrangements, or investment in limited companies or other separate entities must be approved by Cabinet.</p>
<p>3.24 The reporting of the capital position in such cases must follow a similar arrangement to any direct asset investment.</p>	<p>3.214 The reporting of the capital position in such cases must follow a similar arrangement to any direct asset investment.</p>
<p style="text-align: center;">Leased Assets</p> <p>3.25 Accounting regulations (IFRS 16) makes an ongoing presumption that all leases (including those previously defined as operating leases) will need to be included on the Council’s Balance Sheet. All lease arrangement needs to follow the same procedures, and have the same authority and approval, as for other items of capital expenditure.</p> <p>3.26 In respect of any item acquired by lease (other than a Land Asset) the inventory must be marked with the name of the leasing company and the date of expiry of the lease agreement. When requested by the leasing company the item must be suitably marked as the property of that company.</p>	<p style="text-align: center;">Leased Assets</p> <p>3.225 Accounting regulations (IFRS 16) makes an ongoing presumption that all leases (including those previously defined as operating leases) will need to be included on the Council’s Balance Sheet. All lease arrangement needs to follow the same procedures, and have the same authority and approval, as for other items of capital expenditure.</p> <p>3.236 In respect of any item acquired by lease (other than a Land Asset) the inventory must be marked with the name of the leasing company and the date of expiry of the lease agreement. When requested by the leasing company the item must be suitably marked as the property of that company.</p>

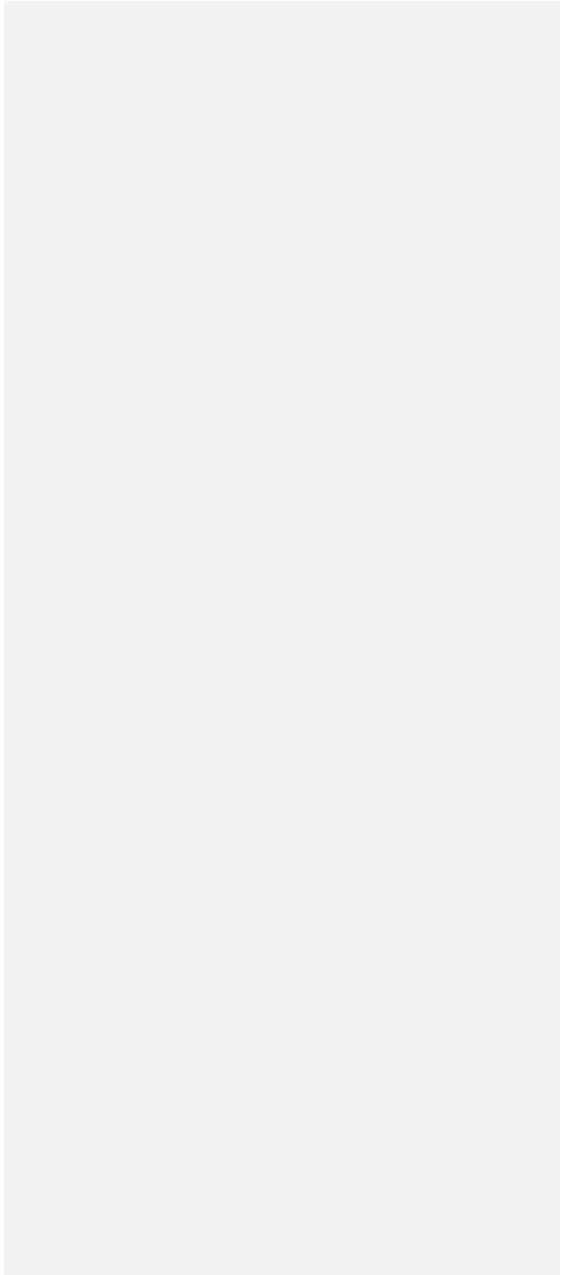
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PROPOSED AMENDMENTS TO FINANCIAL PROCEDURE RULES
CAPITAL (SECTION 3) & GRANTS (SECTION 22)

GRANTS SECTION 22	
<p>Grants Receivable</p> <p>22.5 Service Directors are authorised to accept a grant offer of any value from the West Yorkshire Mayoral Combined Authority and any government department, provided that.</p> <p>(a) the grant is in fulfilment of a national or regional initiative or requirement, and</p> <p>(b) the council is required to make no contribution, or the contribution can be fully met from an existing budget for that purpose.</p> <p>The Service Director must advise the Chief Finance Officer of the relevant details and obligations of the grant as soon as possible on receiving notice of the grant offer, and on confirmation of the grant award.</p>	<p>Grants Receivable</p> <p>22.5 Service Directors are authorised to accept a grant offer of any value from the West Yorkshire Mayoral Combined Authority and any government department, provided that.</p> <p>(a) the grant is in fulfilment of a national or regional initiative or requirement, and</p> <p>(b) the council is required to make no contribution, or the contribution can be fully met from an existing budget for that purpose.</p> <p>The Service Director must advise the Chief Finance Officer of the relevant details and obligations of the grant as soon as possible on receiving notice of the grant offer, and on confirmation of the grant award</p> <p><u>Where a grant has a capital element, or revenue grant with discretion on usage, the funding must be identified into the relevant budgets and follow the normal process for approval and control of that funding (for example for capital, a business case as FPR 3.6)</u></p>
	<p><u>Where a grant offer includes onerous or unusual conditions, the service director, chief finance officer and director of legal governance & commissioning must consider if these requirements represent a significant risk to the council. If they believe that they do</u></p>

PROPOSED AMENDMENTS TO FINANCIAL PROCEDURE RULES
CAPITAL (SECTION 3) & GRANTS (SECTION 22)

	so, they must inform and seek authority for acceptance from the Cabinet.
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REPORT TITLE: Proposed Amendments to the Council’s Constitution

Meeting:	Corporate Governance and Audit Committee (Reference to Annual Council)
Date:	10th May 2024
Cabinet Member (if applicable)	Cllr Paul Davies
Key Decision Eligible for Call In	No
<p>Purpose of Report</p> <p>To set out proposed changes to the Council’s Constitution as described in paragraph 2 and as set out in more detail in the report which show the proposed amendments.</p> <p>To also provide a summary of changes to the Constitution made by the Monitoring Officer using delegated powers since Annual Council 2023 in the Appendix.</p>	
<p>Recommendations</p> <p>That CGA:-</p> <ul style="list-style-type: none"> • Notes the changes made to the Constitution in 2023-2024 listed in Appendix 1 • Approves the proposed changes to the Constitution set out in section 2 of the report • Notes that work will continue to keep the Constitution under review • Recommends to Council that they note and approve (as applicable) the above recommendations and delegate authority to the Service Director – Legal, Governance and Commissioning to make appropriate amendments to the constitution which may be agreed by Council as well as any consequential amendments to the constitution to reflect the changes agreed <p>Reasons for Recommendations</p> <ul style="list-style-type: none"> • It is essential the Council’s Constitution is regularly reviewed and updated to ensure that it remains fit for purpose and to enable Council meetings to be conducted in a fair, business like and effective manner • It is also essential that the Constitution complies with current legislation, as failure to do so could lead to challenges, unnecessary procedural delays and less transparency in the Council’s democratic process 	
Date signed off by <u>Strategic Director</u> & name	Rachel Spencer-Henshall – 1st May

Is it also signed off by the Service Director for Finance?	Isabel Brittain – 1st May
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft – 1st May

Electoral wards affected: All

Ward Councillors consulted: NO

Public or private: Public

Has GDPR been considered? YES

1. Summary

- 1.1 This report will cover any changes proposed as well as any amendments made since 2023, both on the authority of Council and by the Monitoring Officer using delegated powers.
- 1.2 The report will set out, in section 2, the proposed changes in relation to the different parts of the Constitution and to seek approval by members of those proposed changes. Each section of the Constitution is set out below with information setting out details of the proposed change for which approval and/or comment is sought.
- 1.3 There have been some changes using delegated authority granted to the Monitoring Officer by Council on 20th May 2015 to reflect changes to officer's titles, typing or grammatical errors, old references and new legislation. The list of changes made using the Monitoring Officer's delegation are set out in the attached Appendix 1 for information and members are asked to note those changes.

2. Information required to take a decision

PART 1 – SUMMARY AND EXPLANATION

- 2.01 This provides a summary and explanation of what is included in the constitution. This has been reviewed and there are no current proposed changes.

PART 2 – ARTICLES

- 2.02 There are 16 articles that set out how the Council operates.

ARTICLE 6 – THE OVERVIEW AND SCRUTINY FUNCTION

- 2.03 It is proposed to remove responsibility for Flood Risk Management Strategy from OSMC and allocate responsibility to Environment and Climate Change Scrutiny Panel. This is because the revised remit of OSMC now includes corporate matters and as a result it is felt more appropriate to include flood risk management in the Environment and Climate Change Panel.

6.1 Overview and Scrutiny Management Committee

- 6.1.1 *The Council will appoint the Overview and Scrutiny Management Committee to discharge the functions conferred by Section 21 of the Local Government Act 2000 and regulations under Section 32 of that Act and any subsequent legislation conferring overview and scrutiny functions, including that relating to scrutiny of health service provision. The Management Committee will also co-ordinate, oversee and manage the performance of those functions carried out by overview and scrutiny panels. The Overview and Scrutiny Management Committee will have responsibility for the statutory requirements in relation to scrutiny of crime and disorder matters ~~and Flood Risk Management Strategy~~*

The Council will appoint the Chair of Overview and Scrutiny. The Chair of Overview and Scrutiny shall not be the Lead Member of a standing panel. The Chair of Overview and Scrutiny will be from a different political group from that of the Leader of the Council.

2.04 It is proposed to update Standing Scrutiny Panels and remits in accordance with Scrutiny Structure as follows:

6.2.1

Panel	Scope
Environment and Climate Change	<i>All matters, Cabinet decisions, service provision (in particular those services that the relevant Cabinet Member(s) is responsible for), relating to the Environment, Climate Change, Highways, Streetscene and Culture and activities relating to partnerships and partner bodies within the portfolio. <u>Responsibility for statutory requirements in relation to Flood Risk Management Strategy</u></i>
Health and Adult Social Care	<i>As above in relation to service provision for adults including Public Health and activities relating to Health partner bodies. The Panel's role includes the specific responsibilities of the Council for scrutiny of health matters (see also 6.2.2 below)</i>
Children's	<i>As above in relation to service provision for children and all matters considered by partnerships and partner bodies within the portfolio</i>
Growth and Regeneration	<i>All matters, Cabinet decisions, service provision (in particular those services that the relevant Cabinet Member(s) are responsible for) relating to skills, growth, regeneration and housing</i>

PART 3 - RESPONSIBILITY FOR FUNCTIONS

2.05 This part details the Council's cabinet, committees' and other groups' responsibilities. This section also contains each individual Cabinet Member's specific responsibilities.

PART 4 – RULES OF PROCEDURE

2.06 This section contains eight documents which describe how Councillors and Officers conduct themselves in meetings and make decisions about certain matters.

Council Procedure Rules

2.07 It is proposed that **CPR9** be amended as follows:

Presentation of Petitions

- (1) *Petitions on issues on which the Council has powers or duties or which affect the area of Kirklees may be presented by a Member or any member of the public to any meeting of the Council (except the meetings of Annual, Budget Revised June 2023 or Extra-ordinary Council) or an appropriate Committee, Sub-Committee or Panel meeting.*
- (2) *When a petition is received at a Council meeting the petitioner shall have a maximum of one minute to present their petition and no discussion shall take place on the item. There shall be no response at the meeting. The Mayor/Chair will acknowledge receipt.*

Referral of Subject Matter

- (3) *The Mayor will direct that the subject matter of a petition be referred to an appropriate Service Director for investigation and report to Cabinet or an appropriate Committee. Once a petition has been submitted additional signatories cannot be subsequently added.*

These amendments confirm the current processes which are explained to those submitting petitions and as set out in the Petition scheme.

2.08 It is proposed that **CPR 9a** be amended as follows:

In accordance with the Council's Petition Scheme (as approved by Cabinet on 6 June 2012), if a validated petition contains more than 3000 signatures, the Petition Organiser (or their representative) may be permitted to present their petition to a future meeting of Council, subject to the validation of the petition. If the matter is listed for a Petition Debate the Petition Organiser (or their representative) will be permitted a maximum of five minutes to present their petition to the meeting, prior to the Council debating the matter (for a maximum of fifteen minutes). ~~will be permitted five minutes to present their petition to Council and the subject matter will then be debated by Council for a maximum of 15 minutes.~~

This amendment confirms the current process which is explained to those submitting petitions and as set out in the Petition scheme.

[A Council debate shall not be listed in relation to matters upon which the Council is currently undertaking a consultation process.](#)

This clarifies that petitions are not heard during a consultation process.

[A petition may not be debated if a similar subject matter has previously been listed for debate in the previous 6 months](#)

This amendment proposes that petitions relating to similar subject matters are not considered more than once in a six-month period. This makes them consistent with the treatment of deputations on similar matters which are not considered more than once in a six-month period.

- 2.09 It is proposed that **CPR10** be amended by the addition of the following to paragraph (9):

Size of Deputation and Speech

(9) The deputation shall not exceed five persons and the speech shall not exceed five minutes. [Video/Slide or audio presentations are not permitted when presenting a deputation.](#)

(10) When a deputation is received at a Council meeting, no discussion shall take place on the item but the relevant Cabinet Member shall respond to the deputation. The Cabinet Member's response shall not exceed five minutes.

(11) The Mayor shall have the discretion to allow any other Member of the Council to respond to a deputation in exceptional circumstances. For example, in order to respond to personal attacks made during the course of a deputation. Such response shall not exceed five minutes.

This reflects the current practice.

- 2.10 It is proposed that **CPRs 9 and 10** are amended to make them consistent with **CPR11** in respect of the need to be resident or a business owner in Kirklees in order to be able to present a petition or deputation.

It is proposed that the wording in paragraph 2.11 below be used in paragraph 9(1) and paragraph 10(1).

- 2.11 It is proposed that **CPR 11(1)** be amended by the addition of the following to paragraph (1)(a), as follows:

(1) (a) [Any Member of the public resident or operating a business in Kirklees and present at the meeting](#)

may, subject to the provisions of this Rule, ask the Leader, or any Members of Cabinet, a question on any issue which comes within that individual's area of responsibility and which affects the area of Kirklees.

2.12 It is proposed to amend **CPR 11(6)** by adding the following:

Answers to Questions

- (6) *A written answer will be provided to a written question and will be given to the questioner and to Councillors the day before the meeting. The question and answer will then be taken as read at the meeting itself and need not be read out.*

A copy of all written questions and written answers circulated at the meeting will be attached to the published agenda for the meeting.

Additional Questions

A member of the public who has put a written question may, if they are in attendance and, with the consent of the Chair, ask one supplementary question relating to the response on the same subject

The Member to whom the question has been put may nominate another Member to answer (if that Member agrees).

The Member to whom the question has been put may not refuse to answer the question.

2.13 It is proposed to amend **CPR11(7)** as follows:

Recording in Minutes

- (7) *The Service Director - Legal, Governance and Commissioning shall record in the Minutes of the meeting the question(s) and the name of the respondent. Supplementary questions and answers will be recorded as part of the webcast and held on the public webcast facility for a period of 12 months.*

2.14 It is proposed that **CPR 12** be amended to allow the provisions for questions by members of the public in **CPR 11(6) & (7)** to be applied to the provisions for Elected Members. **CPR 12** to be amended as follows:

12. Written Questions by Members

The exemptions as set out at CPR 11 (3) also apply to this Rule (CPR 12).

The following provisions shall apply to written questions by Members which must be received by the Service Director - Legal, Governance and Commissioning by three clear working days before the Council meeting.

- (1) *Any member of Council may put a written question to the Leader of the Council, a member of the Cabinet, a Chair of a Committee, Sub-Committee or*

Panel or a spokesperson of a Joint Committee or External Body, as defined at Rule 13 (4). ~~Subject to the Mayor's/Chair's discretion, a 3 minute time limit applies for individual questions to be put.~~

(2) The Mayor/Chair in consultation with the Chief Executive may determine that a question shall not be put/answered where the question appears defamatory, vexatious or requires the disclosure of confidential or exempt information.

(3) A written answer will be provided to a written question and will be given to the questioner and to Councillors the day before the meeting. The question and answer will then be taken as read at the meeting itself and need not be read out. ~~Following consideration of any questions arising from Rule 12 (1) above, questions will be timetabled in the order which they are received by the Governance Team.~~

~~(4) If a Member who has submitted a question in accordance with Rule 12 is not present at the meeting at the time when the question(s) submitted is/are due to be put to a Member the question(s) will fall.~~

~~(5) The Member to whom the question has been put shall give an oral answer at the Council meeting or may nominate at any time before or during a meeting another Member to answer if that Member agrees.~~

~~(6)(4) An answer may will take the form of:~~

~~(a) a direct oral answer; or~~

~~(b) a reference to a publication of the Council which contains the desired information; or~~

~~(ca) a written question and answer circulated to all Members within 7 days of the Council attached to the published agenda for the meeting.~~

~~(7) The period allowed for written questions at any one meeting shall not exceed 30 minutes. A 5 minute time limit shall apply for individual responses to questions. The same time limit shall also apply to individual responses to supplementary questions, subject in both cases to the Mayor's discretion to increase the time allowed for responses in appropriate circumstances.~~

~~(8)(5) Where written questions are not addressed within the above timescale, then the question will be answered by written reply, and the response shall be copied to all Members of the Council, unless the Member asking the question specifically requests (within 48 hours of the meeting concluding) that the question is referred to the next relevant Cabinet / Committee / Sub-Committee / Panel meeting for reply. Any such questions will only be responded to if the Member who put forward the original question to the Council meeting is in attendance at the Cabinet / Committee / Sub-Committee / Panel meeting to ask the question.~~

~~Written questions to spokespersons of Joint Authorities or any Other Bodies not dealt with within the above timescale will be answered by means of a written reply within 7 days of the meeting and be circulated to all Members of the Council.~~

~~(9)(6) When an answer to a written question has been given, the Member who asked it may, if they are in attendance and, with the consent of the Chair, ask one supplementary question relating to the response on the same topic. ~~Such a supplementary question must follow straight on from the Member's answer.~~~~

~~to the original question. In circumstances where the responding Councillor has elected, pursuant to Rule 12(6)(c), to provide a written answer to a question, no supplementary question will be permitted. Subject to the Mayor/Chair's discretion a 3 minute time limit applies for individual supplementary questions to be put.~~

~~(10)(7)~~ A written question, as well as any supplementary question, must be relevant to the Terms of Reference or powers or duties of Cabinet or of the relevant Committee / Sub-Committee / Panel / Joint Committee or External Body or affect the area of Kirklees and should not be of a personal nature or one which is defamatory, offensive, frivolous, repetitive or vexatious.

~~(11)(8)~~ The Service Director - Legal, Governance and Commissioning shall record in the Minutes of the meeting the question(s) and the name of the Respondent member. ~~This will not include any supplementary question and the answer thereto.~~ Supplementary questions and answers will be recorded as part of the webcast and held on the public webcast facility for a period of 12 months.

2.15 It is proposed that **CPR 36(1)** be amended to change member speaking rights as follows:

(1) Subject to paragraphs (2) and (3) below a Councillor who is not a Member of a Committee, Sub-Committee, or Panel may attend any meeting as an observer. Speaking rights for such Councillors attending as observers will be at the discretion of the Chair ~~That Councillor shall have the same speaking rights as any Member of that Committee Sub-Committee or Panel~~

This is to ensure better management of the meetings.

2.16 It is proposed that **CPR 37** be amended so that permission to speak will be at the Chair's discretion.

37. Attendance by Members of the Public - Permission to Speak

Any member of the public attending a Committee, Sub-Committee, or Panel (or any other meeting open to the public) may, with the permission at the discretion of the Mayor/Chair, speak on any item of business to be transacted at that meeting. This speaking right shall not apply to persons who have presented a deputation on the same subject matter at the same meeting. That person shall not be permitted to remain in the meeting when consideration is being given to confidential or exempt information.

2.17 Access to Information Procedure Rules

There are no proposed amendments to these rules.

2.18 Budget and Policy Framework Rules

There are no proposed amendments to these rules.

2.19 Executive Procedure Rules

There are no proposed amendments to these rules.

2.20 Financial Procedure Rules

There are proposed amendments and these will be the subject of a separate report to Council.

2.21 Contract Procedure Rules

There are proposed amendments and these will be the subject of a separate report to Council.

2.22 Overview and Scrutiny Procedure Rules

There are no proposed amendments to these rules.

2.23 Officer Employment Procedure Rules

There are no proposed amendments to these rules.

PART 5 – CODES and PROTOCOLS

2.24 This section sets out the Council's Codes and Protocols in relation to a number of areas.

2.25 Members Code of Conduct

There are presently no proposed amendments to the Code of Conduct.

2.26 Monitoring Officer Protocol

There are no proposed amendments to this protocol.

2.27 Protocol for Planning Committees and Sub-Committees

A number of changes were made to these during the year to reflect the changes to Planning Committee arrangements which are referred to in Appendix 1. There are no further proposed amendments to this protocol at this time.

2.28 Decision Making On Ward Issues – Procedural Advice to Cabinet Members

There are no proposed amendments to this protocol.

2.29 Protocol on the role of Representatives and Key Outside Bodies in representing the interests of the Council

There are no proposed amendments to this protocol.

2.30 Officers Code of Conduct

There are no proposed amendments to this protocol.

2.31 Protocol for Public Speaking at Planning Committees and Sub-Committees

There are no proposed amendments to this protocol.

2.32 Licensing and Safety Committee Protocol

There are no proposed amendments to this protocol.

2.33 Councillors and Officers in Kirklees – A Protocol for Working Effectively

There are no proposed amendments to this protocol.

2.34 Safeguarding Protocol

There are no proposed amendments to this protocol.

2.35 Protocol for Online Meetings

There are no proposed amendments to this protocol.

2.36 Concurrent Functions Protocol

There are no proposed amendments to this protocol.

3. Implications for the Council

3.1 Council Plan

N/A

3.2 Financial Implications

N/A

3.3 Legal Implications

N/A

3.4 Other (e.g. Risk, Integrated Impact Assessment or Human Resources)

N/A

4. Consultation

A number of relevant officers have been consulted.

5. Engagement

None

6. Options

6.1 Options Considered

We are required to review the constitution. Any proposed amendments where there may be options are set out in the report.

6.2 Reasons for Recommended Option

As above.

7. Next steps and timelines

7.1 This report and any recommendations made by CGA will be considered by Annual Council on May 22nd 2024. Any feedback, comments or recommendations from this committee will be included in the report to Annual Council.

7.2 Any amendments subsequently agreed by Council will be made to the Constitution.

8. Contact officer

Julie Muscroft – Service Director – Legal, Governance and Commissioning
01484 221 000
julie.muscroft@kirklees.gov.uk

9. Background Papers and History of Decisions

None

10. Appendices

Appendix 1 - Amendments 2023-2024 (Information only)

11. Service Director responsible

Julie Muscroft – Service Director – Legal, Governance and Commissioning
01484 221 000
julie.muscroft@kirklees.gov.uk

APPENDIX 1

Constitutional amendments

2023-2024 Changes made to the Constitution authorised by Council or by the Monitoring Officer under the delegation provided to her are set out in the table below.

Amendment	Authorisation	Date amended
PART 2 Articles of the Constitution		
Part 2	Approved at Annual Council 24 May	3 rd July 2023
Part 6	Approved at Annual Council 24 May	May 2024
PART 3 Responsibility for Functions		
Part 3 Section B	Monitoring Officer Delegation	24 th April 2023
Part 3 Section B	Approved at Annual Council 24 May	25 th May 2023
Part 3 Section B	Approved at Council 15 November	22 nd November 2023
Part 3 Section B	Monitoring Officer Delegation	15 th February 2024
Part 3 Section C Responsibility for Executive Functions	Approved at Annual Council 24 May	25 th May 2023
Part 3 Section C Responsibility for Executive Functions	Approved at Annual Council 24 May	25 th May 2023
Part 3 Section C Responsibility for Executive Functions	Approved at Council 13 September	18 th September 2023
Part 3 Section C Responsibility for Executive Functions	Amendment from Cabinet	20 th September 2023
Part 3 Section C Responsibility for Executive Functions	Amendment from Leader	9 th October 2023
Part 3 Section C Responsibility for Executive Functions	Monitoring Officer Delegation	21 st December 2023

Part 3 Section C Responsibility for Executive Functions	Monitoring Officer Delegation	3 rd January 2024
Part 3 Section C Responsibility for Executive Functions	Monitoring Officer Delegation	4 th April 2024
Part 3 Section F	Approved at Annual Council 24 May	3 rd July 2023
Part 3 Section F	Monitoring Officer Delegation	9 th October 2023
Part 3 Section F	Approved at Council 15 November	22 nd November 2023
PART 4 Rules of Procedure		
Part 4.1 Council Procedure Rules	Approved at Annual Council 24 May	25 th May 2023
Part 4.2 Access to Information Procedure Rules	Approved at Annual Council 24 May	25 th May 2023
Part 4.2 Access to Information Procedure Rules	Monitoring Officer Delegation	25 th January 2024
Part 4.6 Financial Procedure Rules	Approved at Annual Council 24 May	25 th May 2023
Part 4.7 Contract Procedure Rules	Approved at Annual Council 24 May	25 th May 2023
PART 5 Codes and Protocols		
Part 5	Approved at Council 15 November	22 nd November 2023
Part 5.3 Protocol for Planning Committee and Sub- Committees	Approved at Council 15 November	22 nd November 2023
Part 5.7 Protocol for Public Speaking at Planning Committee	Monitoring Officer Delegation	15 th February 2024
PART 6 Members' Allowances Scheme		
Minor amendment	Monitoring Officer Delegation	4 th April 2023
Minor amendment to salaries	Monitoring Officer Delegation	14 th November 2023
Allowances updated	Monitoring Officer Delegation	4 th April 2024



REPORT TITLE: INTERNAL AUDIT ANNUAL REPORT FOR 2023/24

Meeting:	Corporate Governance & Audit Committee
Date:	10 May 2024
Cabinet Member (if applicable)	
Key Decision Eligible for Call In	No No – Information report
Purpose of Report To provide a report of Internal Audit activity during 2023/24, and assurance opinion from the head of Internal Audit & Risk.	
Recommendations <ul style="list-style-type: none"> • That the report and Head of Internal Audit opinion be noted • The Committee determine if any action is required as a result of this report Reasons for Recommendations <ul style="list-style-type: none"> • This report and opinion are an important part of understanding the level assurance in the organisation and contributes to strong governance 	
Resource Implications: <ul style="list-style-type: none"> • None from this report, other than the extent to which it influences activity in future years. 	
Date signed off by <u>Strategic Director</u> & name. Is it also signed off by the Service Director for Finance? Is it also signed off by the Service Director for Legal Governance and Commissioning?	Not applicable

Electoral wards affected: all

Ward councillors consulted: none

Public or private: public

Has GDPR been considered? yes

1. Executive Summary

The Council has to have an Internal Audit function, operated in accordance with the Public Sector Internal Audit Standards. The standards require that each year the Head of Internal Audit provides an opinion to the Council about the level of assurance that is provided through system of governance, risk management and internal control. The report concludes that these areas, there is just sufficient evidence to demonstrate that the Council's system are largely effective.

2. Information required to take a decision

2.1 The information required is included in the attached report.

3. Implications for the Council

Having an effective internal audit function, as a part of a strong assurance and governance framework is important for the Council. As resources are limited it is important that the deployment of resources is effective.

3.1 Working with People

No directly applicable.

3.2 Working with Partners

No directly applicable.

3.3 Place Based Working

No directly applicable.

3.4 Climate Change and Air Quality

No directly applicable.

3.5 Improving outcomes for children

No directly applicable.

3.6 Financial Implications

Refers in part to improving strategic and operational financial controls.

3.7 Legal Implications

No directly applicable.

3.8 Other (e.g. Risk, Integrated Impact Assessment or Human Resources)

Implementation of internal audit recommendations should improve overall control arrangements and promote good governance.

4. Consultation

There have been discussions with Executive Leadership Team (ELT)

5. Engagement

ELT have seen and are aware of the content of this report

6. Options

Not applicable

7. Next steps and timelines

Contributes to the Annual Governance Statement preparation.

8. Contact officer

Martin Dearnley Head of Audit & Risk.

9. Background Papers and History of Decisions

None.

10. Appendices

Annual Internal Audit Report 2023/24

11. Service Director responsible

The Head of Risk & Internal Audit holds responsibility for the planning, operation and reporting by Internal Audit.

The statutory officers with a responsibility for overseeing the internal audit function are Julie Muscroft Director of Legal Governances & Monitoring
Isabel Brittain / Kevin Mulvaney Director of Finance

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KIRKLEES COUNCIL
CORPORATE SERVICES:
RISK SERVICE
INTERNAL AUDIT

ANNUAL REPORT OF INTERNAL AUDIT 2023/24

1. **Introduction**

This report provides a summary of the activities and performance of Internal Audit during the year and assesses the adequacy and effectiveness of the Council's governance, risk management and control environment arrangements during 2023/24.

2. **About Internal Audit**

2.1 The scope of Internal Audit's activity is established by the Council's Financial Procedure Rules and the Internal Audit Mission, Strategy and Charter. These rules include a right for Internal Audit to have free and unrestricted access to carry out work as is considered appropriate by the Head of Risk and Internal Audit.

2.2 Internal Audit reviews the Council's assurance framework for governance, risk management and business systems and controls. Some assurance is obtained through the work of other parts of the council- such as Health & Safety and Customer Complaints.

Internal Audit time is spent:

- (a) Assessing arrangements for financial control.
- (b) Assessing arrangements for other business and organisational controls – such as IT.
- (c) Resolving a range of finance and control related issues (the most significant of which are reported in the Quarterly Reports).
- (d) Assessing grant claims made to other agencies (principally WYCA)
- (e) On work related to contracting strategy and contractor appraisals
- (f) Contributing generally and providing advice to Council wide and Service specific matters related to governance, risk, financial and business control.
- (g) On fraud investigation, detection and prevention
And, to a limited extent,
- (h) Investigating allegations that the Council's business activities may not be operating in the ways intended.
- (i) Value for money.

Whilst Internal Audit work can provide some assurance about business processes, it is not resourced in a way to assess the judgement of other professionals.

2.3 Quarterly Reports on the activities of Internal Audit have been provided to the Corporate Governance and Audit Committee. The format of these was revised in 2023/24 with the intention of providing additional public information.

These reports provide:

- (i) An opinion about the level of assurance that can be taken from each planned audit on the arrangements in operation at the time of each audit.
- (ii) An opinion about follow-up of earlier Internal Audit work.
- (iii) Information about investigations, and other Internal Audit activity.
Implementation of the agreed recommendations should provide a satisfactory degree of control in all cases.

3. Summary of Audit Work in 2023/24

- 3.1 The Kirklees audit plan included 101 audits and 2 grant sign off pieces. 78 audits and the 2 grant sign off were completed alongside 7 unplanned reports, including 3 investigations. The completion rate of planned work was 77% (or 84% if unplanned reports are included). Most audit work concludes with an assurance-based opinion however although unplanned and investigations do not always conclude with an opinion the service will be issued with a report that gives recommendations to be followed up. 78 pieces of work in the year attracted overall audit opinions, the breakdown of which is shown in the table below.

Area	Opinion:					
	Positive Assurance %			Negative Assurance %		
	Total	Substantial	Adequate	Total	Limited	No
OVERALL	63	17	46	37	37	0
Core Financial Systems (6)	100	33	67	0	0	0
Financial System Controls (21)	33	5	28	67	67	0
Business Controls (21)	67	14	53	33	33	0
Risk (2)	0	0	0	100	100	0
Schools (28)	79	25	54	21	21	0

The above include follow-ups which did have positive outcomes generally 71% positive overall.

Historically a typical year would have involved a negative assurance rate of about 20%, The outcome in 2022/23 was 29%. The rate is 2023/24 is 37%. The overall figure in previous years was masked by a very strong outcome for schools (96%), but often poor outcome on business control arrangements and follow ups. During 2023/24 greater emphasis was put into auditing schools whose budget performance is weak, and the criteria were changed such that a school with a persistent budget deficit would no longer receive a positive assurance (even if its general administrative arrangements were strong). This results in the apparently worse position from schools.

- 3.2 Although core financial systems reviewed provided adequate assurance, (from a fairly small sample), financial systems had a rather poor outcome, with areas such as adult client finance, former tenants write offs, schools contracts, SENDACT, leaving care, all attracting limited assurance assessment; the areas included as “risk” both of which were unsatisfactory, related to temporary accommodation and memorial safety, rather than the general arrangements for risk management, into which additional resources have been input during the year. There were also inadequate areas of business controls such as emergency duty and staff training. However, it is the case that the negative assurance often applies to only a part of the operations, but there are nevertheless areas of concerns within these operations.

- 3.3 There were fewer investigations, partly because whilst issues have arisen the resourcing position has meant that matters have been left with management to investigate. Those that were investigated, related to potential poor value from a grant, payments of large arrears under a direct payment arrangement, a social worker authorising transactions on behalf of a (learning disability) client without reasonable authority, and a school in deficit holding council funds in a supplementary bank account.
- 3.4 Audit time has also been spent on more routine projects and activities such as:
- Support to governance and control arrangements generally.
 - Preparation of the Annual Governance Statement, although with only limited monitoring
 - Monitoring and updating Financial Procedure Rules (FPRs).
 - Financial appraisal and scoring of applicants for contracts and other aspects of assessing or approving the Council's contractual arrangements.
 - Support to the Information Governance Board, and implementation of GDPR /Data Protection Act
 - Support to corporate projects (such as waste management, district heating)
- 3.5 There is an increased expectation that the head of internal audit signs off grant claims for money from the West Yorkshire Combined Authority, and for some, (but not all) government grant awards. Some of these regimes are difficult to comply with.
- 3.6 Understanding arrangements for risk management is an important aspect of gaining assurance. The risk management function is linked to internal audit through management. The council has continued to substantially strengthen risk management arrangements. Financial sustainability remains the area of highest risk for the Council.
- 3.7 Although the Council used a risk-based audit plan in achieving the coverage of business and activity areas on which this opinion is based, the assurance framework delivered by Internal Audit is necessarily not comprehensive. Whilst coverage of financial (and commercial) business processes and governance is risk based, it does not assess the areas that involve professional judgement, particularly in relation to care related services and some other assessments that relate to individual needs.
- 3.8 The Corporate Governance & Audit Committee can gain wider governance assurance from some other sources, (E.g., health & safety, information governance and corporate complaints/ombudsman) although this could perhaps be more structured and extensive. The new reporting format aims to demonstrate assurance from the work that audit performs:

Assurance Map

Audit Type	Audit Opinion	
Financial Core Systems		
Financial Systems		
Other Business Controls		
Risk		
Schools		

Substantial Assurance	
Adequate Assurance	
Limited Assurance	
No Assurance	

- 3.9 From April 2022, internal audit took full responsibility for fraud investigation, and took on the management of the fraud team, who were previously part of the Welfare & Exchequer service. The team investigated areas of customer fraud-particularly Right to Buy, tenancy and misuse of disabled parking permits (blue badges). During the year, the strategy to counter fraud, bribery and corruption was amended by Cabinet, and an internal fraud risk panel was established. The risks from fraud are being more formally identified and recorded, and additional training is being implemented, initially in areas where the risk of fraud is high (e.g. Housing- right to buy). A number of positive outcomes in terms of right to buy refusals, and tenancy recoveries were achieved, alongside routine pursuit of those misusing blue badges. The fraud team has 4 employees (just over 3 fte),
- 3.10 Some work continues to be performed for Kirklees Active Leisure (KAL). Outcomes are reported to KAL's own Audit Committee. Audit work is also carried out for West Yorkshire Fire & Rescue Service (WYFRS), who make substantial use of Kirklees financial systems. WYFRS has its own Audit Committee.
- 3.11 The staffing position in the Internal Audit team during the year was marginally adequate. Some assistance was received from trainee accountants from the accountancy service (though the audit trainee also works for accountancy to provide professional development) but had fallen to nil ongoing by the year end. Another experienced member of staff left toward the year end. Some replacement staff have been recruited through internal team promotions and one additional person recruited at year end.
- 3.12 As noted in 2.1, the Financial Procedure Rules and the Audit Strategy and Charter document allow Internal Audit unrestricted access to consider areas of activity as they see fit in providing this audit opinion. At no point during the year has any Officer or Member sought to influence or restrict the scope or areas of activity of any piece of work.
- 3.13 The conclusions reached in all the work presented are those of Internal Audit.

- 3.14 Other issues arising through the year for the organisation to note, are:
- (a) Data integrity – in some areas the data and information that supports operations can be weak or poorly integrated- improvements would increase effectiveness of operations and management decision making as well as ensuring that certain grant sources can be successfully accessed.
 - (b) Certain contracts and areas lack adequate Data Protection Impact Assessments (DPIA) agreement and General Data Protection Regulations (GDPR) arrangements, and which is reflected in audit recommendations.

From an internal control perspective.

- (c) Reduction in staffing can have an impact on the operation of internal checks and controls these often do not manifest immediately- the organisation still faces some issues from previous operating changes where new operating risks were not fully mitigated.
- (d) Although the number of “follow ups” with continuing inadequate outcomes was improved somewhat this year, there remains an issue of adequate and sufficient implementation of recommendations in some service areas.

And from an internal audit operations perspective

- (e) Increased pressure on services has led to issues with engagement on occasion in the audit process.

3.15 Internal Audit operates within the Public Sector Internal Audit Standards (PSIAS), which is a derived form of the international internal auditing standards. There is an expectation under this regime that Internal Audit measures itself against the standards regularly and has an external assessment every 5 years Appendix 1 at the end of this report provides a summary of the recommendations from the external assessment during 2022/23 and shows what action has been taken to date to implement these recommendations. Appendix 1A also shows matters identified by an internal assessment in 2021/22 and progress made. The new Global Internal Audit Standards (GIAS) (prepared by the Institute of Internal Auditors, an essentially American based international organisation) take effect from early 2025. In contents these standards are not substantially different from those in place during 2023/24, but they are more substantially codified (in a way more like the UK cipfa interpretation, applied to local authorities) and more complex in terms of specific requirements. It is not yet clear if the government will publish enhanced UK public sector obligations. Because of this uncertainty, no specific additional comparison of our practice to the current standards, as of March 2024, has been prepared this year. A full comparative analysis will feature in next year’s report.

3.16 During 2023/24 the Head of Audit & Risk carried out some wider organisational duties that might be considered to conflict with the purely independent role of the Head of Internal Audit. These relate to roles in relation to Council corporate risk management processes, supervision of the insurance and complaints functions and limited contract and project advice. Any conflicts are handled by independent reporting, and the conflict is stated in any Internal Audit reports- such as the quarterly reports. An activity distribution of the Head of Internal Audit is contained in Appendix 2 to this report. This is something that may be a problem under GIAS standards.

- 3.17 The information that exists to reach an opinion on the overall control environment that applied in 2023/24 can be considered to be:
- (1) The assurance work for 2023/24- 63% of which overall was positive, although as noted in section 3.1, the average masks a wide variation, with financial systems and arrangements being weaker than core financial systems and schools
 - (2) Other assurance information provided to the Committee during the year, e.g., from the Investigator of Regulatory Powers, from the external auditor regarding their work on the 2023/24 accounts and internally re Information Governance, Health & Safety and Customer Complaints.
 - (3) The Head of Internal Audit's wider knowledge- heavily subordinate to the other aspects above- about the broad operation of the control environment of the organisation, supported by assessments that basic financial procedures such as reconciliations are being operated.
- 3.18 The organisation has an adequate system of financial control, although the audit work suggests there is scope for improvement in several areas of financial and business control arrangements to ensure that the objective continue to be met.
- 3.19 The assessment of processes for risk management and governance are more judgement based. As noted, the council has taken significant steps in the last few years to improve its risk management arrangements. As regards governance, this is around clarity of decision making, operations within frameworks of delegation, the constitution and procedure rules. No direct work to verify this has been carried out, but assurance comes by way of involvement in processes, and challenge to those processes, and to an extent, the absence of adversity issues (such as large number of errors, mistakes, fraud) also needs to be recognised in reaching these opinions.
- 3.20 On the basis of the evidence available, the organisation appears to have.
- a. Adequate arrangements for sound governance.
 - b. Adequate arrangements for risk management.
 - c. Adequate systems for financial control.

4. **Performance Measures of Internal Audit**

- 4.1 There is very little comparative benchmarking available about the costs of Internal Audit. Comparison of staffing numbers locally suggest that taking account of Council (and other) activity, the Kirklees IA team remains smaller than others, some of which have recently looked to strengthen their internal audit coverage.
- 4.2 The targets for performance, and those achieved were:

<u>Objectives</u>	<u>Performance Measures- target</u>	<u>Performance Measures - achieved</u>
Achieve planned audit work as adjusted	80% of planned audits achieved	77% from plan 84% with substitutes
Achieve each planned audit within budgeted time allowed.	80% of planned work achieved within initial time budget	69%
Achieve high level of work quality and customer satisfaction.	90% good or better responses to customer questionnaires	100% (based on a small sample)
Delivery of completed audit work	85% of draft reports issued within 10 days of completion of site work	87%

4.3 A quality assessment based on the consistent assessment criteria did find that all the work was compliant with some minor omissions noted against the Standards. These are being addressed within the Internal Audit team.

5 Effectiveness of the System of Internal Control- Internal Audit

5.1 The Accounts & Audit Regulations (England) require an Authority to conduct an annual review of the effectiveness of their system of internal control. An understanding of the arrangements of Internal Audit supports the ability to utilise the opinion of the Head of Internal Audit on the internal control environment as a key source of evidence in the Annual Governance Statement. As noted previously, the systems of assurance about internal control come from a wider source than just Internal Audit, although it is a primary source of assurance.

5.2 Financial Procedure Rule 5.6 requires the Head of Audit & Risk to review the systems of Internal Audit on an annual basis. The Public Sector Internal Audit Standards (PSIAS) make it a responsibility of the Head of Internal Audit to carry out periodic internal reviews and every 5 years have an external review of the Internal Audit function and report these to this Committee as noted. The external review was completed with a positive outcome in 2022/23.

6. Conclusions

6.1 This report has summarised the activities of Internal Audit during 2023/24. Detailed information has been provided to Corporate Governance & Audit Committee during the year.

6.2 Assurance coverage is sample based and not absolute across the entire range of organisational activity, and the limited resourcing further emphasises this caveat. There is just sufficient evidence to demonstrate that the Council's system of governance, risk management and internal control is largely effective and that the opinion of the Head of Internal Audit on the internal control environment can be relied upon as a key source of evidence in the compilation of the Annual Governance Statement, for the reasons explained in the report.

6.3 The proportion of audit work which resulted in an assessment providing at least adequate assurance is 63%. The remaining were of “limited assurance”. No area had “no assurance”.

6.4 There are no areas where, following audit recommendations and discussion, management have formally chosen to refuse to implement recommendations for action (and accordingly overtly accepted the potential consequences as a risk).

7. **Annual Governance Statement**

7.1 Information generated by Internal Audit forms a key part of the Council’s assessment of the quality of its organisational and business controls and the degree of assurance that can be placed upon their operational effectiveness. This information is used in preparing the Council’s Annual Governance Statement which accompanies the Statement of Accounts.

7.2 The positive opinion that the Council’s arrangements provide an adequate and effective control environment needs to be considered in the context of the breadth of assurance provided by Internal Audit, and the comments contained in this report. There are several areas that might appropriately be escalated to the Annual Statement of Governance, and these are covered in a separate report to be considered by the Committee in due course.

Contact Officer

M E Dearnley – Head of Risk and Internal Audit; – 01484 221000 - x 73672

Appendix 1

Recommendations from the External Assessment of Internal Audit 2022

Ref	Recommendation	Management Response / Action	Timescale	Status
	Audit Charter & Strategy			
1	It is recommended that the Charter be separated from the Strategy and that the Mission of Internal Audit be included within the document.	Agreed; we will look to redraft the version during the next 3 months, and ask the Corporate Governance & Audit Committee to consider and approve a revised document as a part of the 2023/24 audit planning process	Approval at CGAC April 2023 2024 update	Mission, Strategy & Charter now included. New GIAS standard includes Mandate also.
2	Audit Team related issues			
2a	Ensure the authority makes plans to cover the wider roles and responsibilities provided by the Head of Audit (Risk)	The Directors-Legal Governance & Monitoring and Finance, acknowledge this and are considering arrangements re succession planning	2024 update	No change. New directors will need to discuss with new chief executive during 2024/25
2b	Ensure the team maintain sufficient capacity to discharge its responsibilities and add value to the organisation. It also needs to be able to evolve for the future delivery of Internal Audit and the skill sets this will require.	Agreed; this depends on maintaining a capacity of competent, and appropriately skilled team members, through internal promotion and external recruitment as opportunities arise.	Ongoing/ from point of any future approved recruitment.	Need to ensure appropriate capacity- see report
2c	Consider the strategy for delivering assurance over Kirklees' schools and if there may be different ways of gaining this e.g., through thematic based audits, promoting lessons learned from audits undertaken etc.	As a principle accepted, although this depends on both the audit resourcing capacity, and the expectations from those within the wider organisation. Will subject to review discussion.	2024 update	Agreed to reorientate school work to look at those with (Budget) issues. Activity still seen as important by Director of Learning
2d	The ongoing development of the newer members of the team should be maintained	Agreed	March 2023 staff appraisals, and ongoing	Ongoing 2024 update
2e	Review the job titles of Audit Staff below Audit Manager level to ensure their role in the authority and the nature of the work they deliver is understood.	Agreed. Whilst there are advantages of maintaining alignment with other finance posts for career and grading reasons, the titles will be made more distinct, and the role profiles amended to emphasise the key expectations go beyond those of finance for many post holders. Will do this for new recruits and if possible, for existing post holders	At time of next recruitment.	Job titles being made rather more specific, but depends on HR approval
3	The Counter Fraud Team			
	Continue further developing the Counter Fraud team to align with	Agreed; changes depend on developing skills and capacity		Incorporated in 2023/24 strategic

Ref	Recommendation	Management Response / Action	Timescale	Status
	the revised counter fraud strategy			plan
4	Code of Ethics			
	All audit staff could complete a separate ethics declaration covering all aspects highlighted in the Standards.	Agreed. Can ask staff to update these declarations annually too	April 2023, and annually thereafter	Done in April 2023
5	Corporate Governance and Audit Committee			
5a	Progress the appointment of the Independent Member - this will provide further support to the operation of the committee, in particular in maintaining its apolitical conduct. The independent member will also likely enhance the skills, knowledge and experience collectively held within the committee.	This is to be progressed during January 2023. If a recruitment takes place, it is hoped the post holder can take up duties at the end of this financial year	March 2023 2024 update	Independent Member appointed March 2023 Successful first year. Issues about second member and succession under discussion
5b	Review the level of information reported in the private session of the committee around the work of the internal audit team to strike an accepted balance between openness and transparency and need to maintain confidentiality and not expose the council to abuse of systems and controls through putting inappropriate information into the public domain	The CGAC will be asked to consider this alongside some amended reporting formats which might help with achieving a slightly amended balance between openness and the need for confidentiality.	2024 update	Revised format implemented during 23/24
5c	The Annual Report of the Head of Internal Audit for 2022/23 should provide separate opinions over risk, governance and control arrangements in line with CIPFA guidance	Agreed; this will be changed in the Head of Internal Audit annual report for the year 2022/23 (& thereafter)	2024 update	The annual report for 2022/23 and 2023/24 separates these opinions
6	Action tracking and reporting			
	The arrangements for checking the implementation of agreed management actions arising from audit findings should be reviewed to ensure best value is obtained from audit work carried out and that management are held to account when significant actions are not implemented within timescales they provided.	Agreed. We will explore the opportunities for strengthening follow up arrangements for all audit work and ensure that this is systematically reported to the Corporate Governance & Audit Committee. (Although it is important that this process does not detract too much from delivery of the initial audit work)	2024 update	Additional information about recommendations now in QRs.

**Appendix 1A
Annual Review of Internal Audit- Internal assessment – 2022: 2024 update**

	Recommendations	Actions	Update
1	Some elements of the Strategy and Charter do not align with recommended practice	Amend Charter/Strategy	Amended 2022, and further amended 2023 and further amended (closer to GIAS) 2024
2	Explore further options to obtain customer feedback (1311 assessment) (from 2021)	Consider other options	This remains an issue as attempts to get engagement is limited, although some director engagement and directorate SLTs visited
3	Potential concern that skill mix does not match workload and aspirations (1200 Proficiency) (from 2021)	Assess skills -especially of new staff-and options and report back	Remains an issue (see text)
4	Ensure full involvement of senior management in processes (20101 Planning/ 2060 Reporting)	Share plan and charter with senior management	Additional activity to ensure plans and tis report shared with senior management, including from 2024/25 all QRs
5	Progress work on wider “other assurance” sources (2050 Coordination)	Determine if additional work still required on “other assurance”	March 2024’; Organisation needs to decide about need for wider assurance

Appendix 2 Time spent analysis by Head of Audit & Risk

Time spent analysis by Head of Audit & Risk		2023/24% all year	2022/23% all year	2021/22 % all year	2020/21 % all year
Specific IA projects, investigations		#	#	9	8
General Advice	Childrens	2	5	4	1
	Adults	6	3	6	5
	Environment & Regeneration	16	34	28	27
	Corporate	16	10	9	10
Fraud		4	6	-	-
Procurement & FPRs & CPRs		3	3	5	13
Risk Management		8	8	6	7
Trust Funds		17	12	14	10
CGAC advice		10 \$	8 \$	6	5
Management & Supervision		18	11	13	14

(#) included in service analysis below

(\$) includes support to the LGA Y&H Regional chairs forum.



REPORT TITLE: INTERNAL AUDIT PLAN 2024/25

Meeting:	Corporate Governance & Audit Committee
Date:	10th May 2024
Cabinet Member (if applicable)	
Key Decision Eligible for Call In	No No – Information report
Purpose of Report To provide a slightly amended audit plan for 2024/25	
Recommendations <ul style="list-style-type: none"> • That the report be noted • The Committee determine if any further action is required Reasons for Recommendations <ul style="list-style-type: none"> • This report addresses the matters discussed in connection with the Audit Plan at the meeting of this Committee on 19th April 2024 	
Resource Implications: <ul style="list-style-type: none"> • None from this report, 	
Date signed off by <u>Strategic Director</u> & name. Is it also signed off by the Service Director for Finance? Is it also signed off by the Service Director for Legal Governance and Commissioning?	Not applicable

Electoral wards affected: all

Ward councillors consulted: none

Public or private: public

Has GDPR been considered? yes

- 1. Executive Summary**

The Committee asked for the proposed first half and draft second half Plans for 2024/25 to be supplemented by one additional audit and to allocate the audits between quarters. The attached report addresses this. Discussions continue about the extent to which individual school audits should feature in the plan.
- 2. Information required to take a decision**

The information required is included in the attached report.
- 3. Implications for the Council**

Having an effective internal audit function, as a part of a strong assurance and governance framework is important for the Council. Implementing audit findings should help to improve internal control, assurance and or governance.
- 3.1 Working with People**

No directly applicable.
- 3.2 Working with Partners**

No directly applicable.
- 3.3 Place Based Working**

No directly applicable.
- 3.4 Climate Change and Air Quality**

No directly applicable.
- 3.5 Improving outcomes for children**

No directly applicable.
- 3.6 Financial Implications**

Refers in part to improving strategic and operational financial controls.
- 3.7 Legal Implications**

No directly applicable.
- 3.8 Other (e.g. Risk, Integrated Impact Assessment or Human Resources)**

Implementation of internal audit recommendations should improve overall control arrangements and promote good governance.
- 4. Consultation**

There have been discussions with Executive Leadership Team (ELT)
- 5. Engagement**

ELT have seen and are aware of the content of this report
- 6. Options**

Not applicable
- 7. Next steps and timelines**

Contributes to the Annual Internal Audit report.

8. Contact officer

Martin Dearnley Head of Audit & Risk.

9. Background Papers and History of Decisions

Report to this Committee 19 April 2024

10. Appendices

None

11. Service Director responsible

The Head of Risk & Internal Audit holds responsibility for the planning, operation and reporting by Internal Audit.

The statutory officers with a responsibility for overseeing the internal audit function are Julie Muscroft - Service Director for Legal, Governances & Monitoring

Isabel Brittain / Kevin Mulvaney - Service Director for Finance

The Approved Audit Plan - April 2024 to September 2024

<u>April to September 2024</u>			
Q indicates the period April to June = 1 July to September = 2			
	Q		Q
<u>Children</u>		<u>Environment & Growth & Regeneration</u>	
1x High Schools	2	Fire Safety- Corporate Estate	1
10 x Primary Schools	1&2	Asbestos Management - Corporate Estate	2
School Exclusions (Follow-Up)	1&2	HRA Tenancy Allocation	1
SENDACT (Follow-Up)	2	HRA Gas Servicing	1
Foster Care (Internal and IFA)	2	Regulator of Social Housing compliance progress (Fire Safety; Damp & Mold)	2
In House Residential Accommodation	1	<i>HRA IT System Implementation (data integrity)</i>	2
Regional Adoption Agency (Follow-Up)	2		
Direct Payments	1		
<u>Corporate</u>		<u>Adults & Health</u>	
Bank reconciliation	2	Direct Payments	1
Treasury management	2	Prevent	2
		Domestic Abuse	1
SAP Creditors Key Controls	1		
Information Governance (toolkit)	1	<u>All</u>	
IG - data sharing / security	2	WYCA Grants	1&2
e-tendering	1		
Members' Allowances & Expenses/ Code of Conduct	1		

The Proposed Audit Plan - October 2024 to March 2025

<u>October 2024 to March 2025</u>			
Q indicates the period October to December = 3 January to March = 4			
	Q		Q
<u>Children</u>		<u>Environment, Growth & Regeneration</u>	
12 x Primary Schools	3&4	Capital Plan Delivery	4
SENDACT (Follow-Up)		Waste Management Contract	3
Leaving Care (follow up)	3&4	Fuel Procurement & Control	3
External Residential Placements	4	Structures Safety	3
Youth Offending Team	3	HRA Rent System Control & Reconciliation	4
	4	HRA Mould/ Damp	3
<u>Corporate</u>		<u>Adults & Health</u>	
National Fraud Initiative 24/25 (Data Submission)	3	Personal Care	4
CT Support Claims Processing	3	Mosaic Implementation	3
CT/ NDR Recovery & Enforcement	4	Safeguarding	3
CT SPD Data Matching		<u>All</u>	
Government Grant income	4	WYCA Grants	3
SAP Debtors Key Controls	3		
Agency Labour Contract	4		
HD One BACS Bureau	4		
Accreditation	3		
Local Code of Corporate Governance	4		
Procurement Act 2023			
Preparedness	3		
Cyber Security	4		



REPORT TITLE: INTERNAL AUDIT QUARTLY REPORT 4- JANUARY 2024 to MARCH 2024

Meeting:	Corporate Governance & Audit Committee
Date:	10 May 2024
Cabinet Member (if applicable)	
Key Decision Eligible for Call In	No No – Information report
Purpose of Report To provide a report of Internal Audit activity during the final quarter of 2023/24	
Recommendations <ul style="list-style-type: none"> • That the report be noted • The Committee determine if any action is required as a result of this report Reasons for Recommendations <ul style="list-style-type: none"> • This provides information about activity of internal audit in this period, and the level assurance in the organisation. There may be issues identified which the Committee feels merits further work. 	
Resource Implications: <ul style="list-style-type: none"> • None from this report, other than the potential costs or savings from implementing recommendations 	
Date signed off by <u>Strategic Director</u> & name. Is it also signed off by the Service Director for Finance? Is it also signed off by the Service Director for Legal Governance and Commissioning?	Not applicable

Electoral wards affected: all

Ward councillors consulted: none

Public or private: public with a private appendix

The appendix to this report is recommended for consideration in private because the information contained in it is exempt information within part 1 of Schedule 12A of the Local Government Act 1972 namely that the report contains information relating to the financial or

business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption outweighs the public interest in disclosing the information and providing greater openness in the Council's decision making.

Has GDPR been considered? yes

1. Executive Summary

The Council has to have an Internal Audit function. Each quarter Internal Audit reports on its activity.

2. Information required to take a decision

The information required is included in the attached report.

3. Implications for the Council

Having an effective internal audit function, as a part of a strong assurance and governance framework is important for the Council. Implementing audit findings should help to improve internal control, assurance and or governance.

3.1 Working with People

No directly applicable.

3.2 Working with Partners

No directly applicable.

3.3 Place Based Working

No directly applicable.

3.4 Climate Change and Air Quality

No directly applicable.

3.5 Improving outcomes for children

No directly applicable.

3.6 Financial Implications

Refers in part to improving strategic and operational financial controls.

3.7 Legal Implications

No directly applicable.

3.8 Other (e.g. Risk, Integrated Impact Assessment or Human Resources)

Implementation of internal audit recommendations should improve overall control arrangements and promote good governance.

4. Consultation

There have been discussions with Executive Leadership Team (ELT)

5. Engagement

ELT have seen and are aware of the content of this report

6. Options

Not applicable

7. Next steps and timelines

Contributes to the Annual Internal Audit report.

8. Contact officer

Martin Dearnley Head of Audit & Risk.

9. Background Papers and History of Decisions

None.

10. Appendices

Private appendix

11. Service Director responsible

The Head of Risk & Internal Audit holds responsibility for the planning, operation and reporting by Internal Audit.

The statutory officers with a responsibility for overseeing the internal audit function are Julie Muscroft Service Director for Legal Governances & Commissioning
Isabel Brittain / Kevin Mulvaney Service Director for Finance

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Internal Audit & Counter Fraud Quarterly Report

**Quarter 4 2023/24
Jan to Mar 2024**

1 Introduction

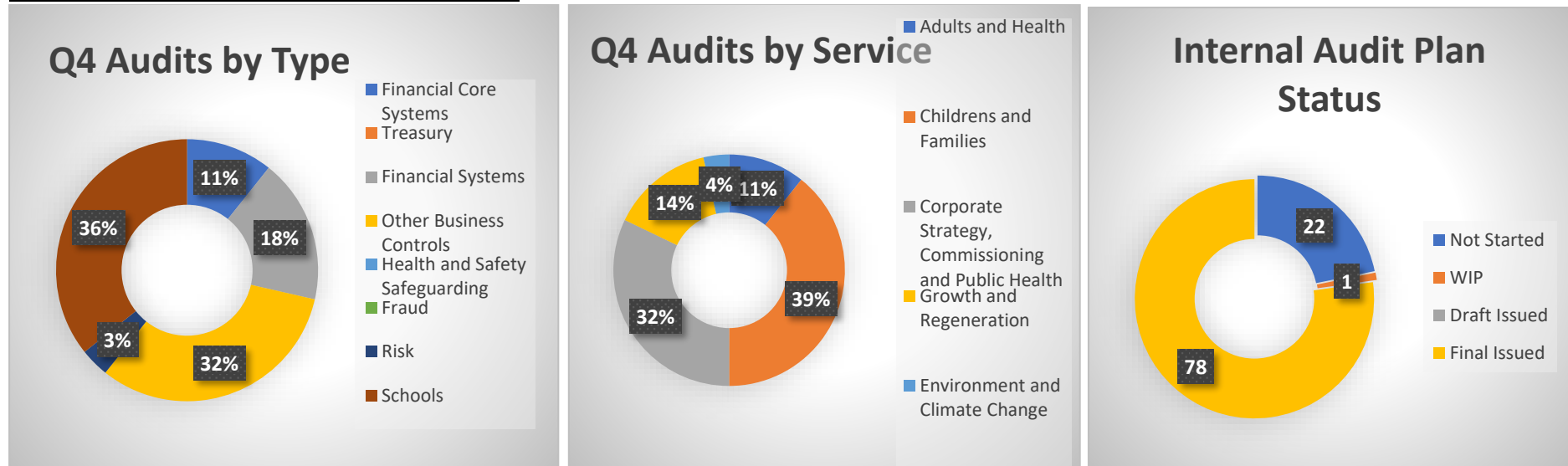
This report sets out the work of Internal Audit completed in the period shown above. All work included has reached a finalised state and, except where shown otherwise, management have accepted the findings and agreed to implement the recommendations, or, in the case of employee investigations, any disciplinary action has been through the required stages and any appeal time. A number of audits are awaiting finalisation and will be reported in the next quarter.

Where an assurance opinion was appropriate these reflected the standard framework below

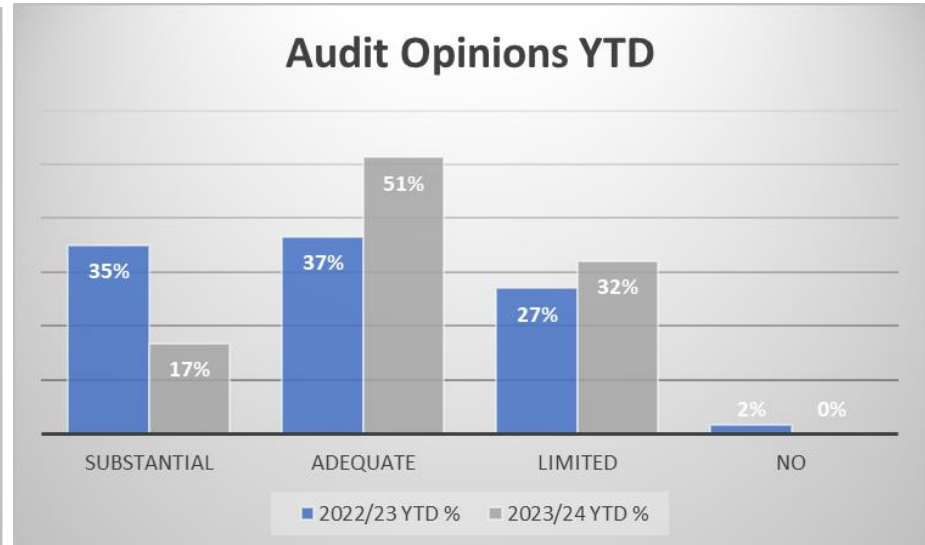
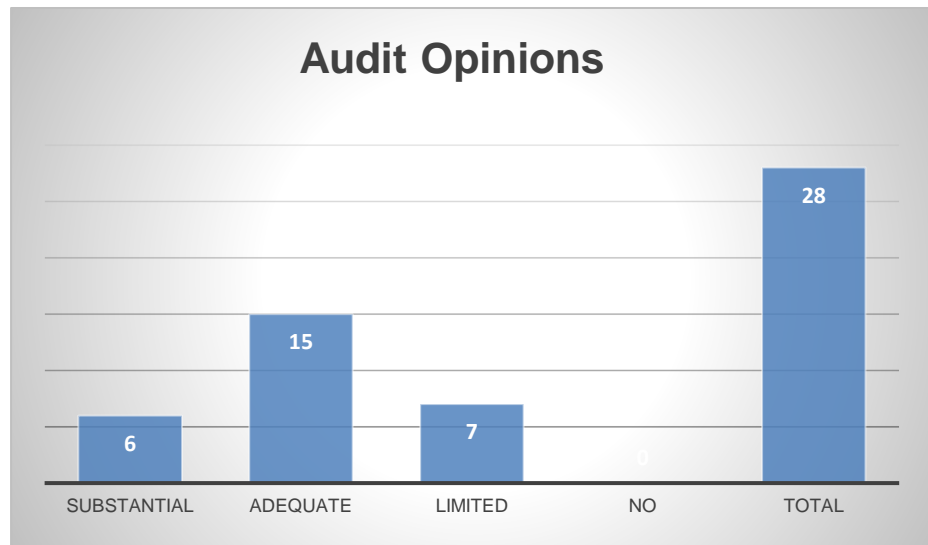
Opinion	Definition - Control Adequacy	Definition - Control Application
Substantial Assurance	A robust framework of all key controls exists that is likely to ensure that objectives will be achieved.	Controls are applied continuously or with only minor lapses.
Adequate Assurance	A sufficient framework of key controls exists that is likely to result in objectives being achieved but the overall control framework could be stronger.	Controls are applied but with some lapses.
Limited Assurance	Risk exists of objectives not being achieved due to the absence of a number of key controls in the system.	Significant breakdown in the application of a number of key and/or other controls.
No Assurance	Significant risk exists of objectives not being achieved due to the absence of key controls in the system.	Serious breakdown in the application of key controls.

All audit work attracts recommendations intended to achieve at least an adequate level of control. All audits resulting in a negative - "limited assurance" or "no assurance" - opinion are followed up as a matter of course, whereas confirmation of progress in implementing agreed recommendations in other reports is sought periodically.

2.2 Q4 INTERNAL AUDIT DASHBOARD



NB: Figures do not include 9 unplanned 23/24 audits (2 of which have not reached a conclusion).



3 Planned Audit Work Completed in the Period

3.1 Financial System and Service Audits

	<u>Audit</u>	<u>Opinion</u>	<u>Recommendations</u>		
			Fundamental	Significant	Merits Attention
	<u>Core Financial Systems</u>				
	<u>People Services</u>				
151	Payroll	Adequate Assurance	0	3	8
152	Accounts Receivable	Adequate Assurance	0	4	2
	<u>Finance</u>				
153	VAT	Substantial Assurance	0	0	0
	<u>Other Financial Systems and Processes</u>				
	<u>Public Health</u>				
154	Third Sector Support	Substantial Assurance	0	1	1
	<u>People Services</u>				
155	Direct Debit Payments	Adequate Assurance	0	3	1

	<u>Highways & Streetscene</u>				
156	Parks Income	Limited Assurance: The price increases for 2023/24 were approved too late in the season, by which time most of the events to which they related had been booked and paid for. This has been corrected for the current year. The policy on discretionary pricing was applied inconsistently. Some events and other more regular users, such as bowling and cycling clubs are in receipt of subsidised usage in terms of facilities and grounds maintenance for which no authorisation or direct benefit to the Council could be found.	0	6	2
157	Local Land Charges	Adequate Assurance	0	4	2
	<u>Culture & Visitor Economy</u>				
158	Bereavement Services Income	Adequate Assurance	0	2	2
	<u>Homes & Neighbourhoods</u>				
159	Disabled Home Adaptation Grants	Adequate Assurance	0	4	2
	<u>Childrens and Families</u>				
160	Leaving Care	Limited Assurance: The scope of the audit was Finance Support Procedures and Control as well as Accommodation provision following from a review of	1	18	5

		those 18+ care leavers that were resident in supported accommodations. Both areas received recommendations in key areas of policy, procedure and management to ensure controls are adequate to minimise the risk. A follow-up is scheduled for March 2025			
	<u>Other Business Controls</u>				
	<u>Adults and Health</u>				
<u>161</u>	Care Phones	Limited Assurance: There were a number of findings from the audit that required recommendations both with the service design and subsequent performance of the care phone team. A re-design is already underway, and a review of controls have been recommended to ensure the service minimises risk wherever possible.	1	8	10
<u>162</u>	Community Health and Social Care Hub	Limited Assurance: Testing identified that the service is not achieving the key metrics. Demand has increased significantly whilst the staffing resources available, due to sickness and departures, had reduced which impacts performance. Data was difficult to obtain reducing the amount of testing possible. Recommendations focussed on the exploration of alternative operational arrangements including the increase in the use of digital systems that are available to alleviate and reduce the volumes of more minor queries received. Greater digitisation would also help with performance management. This area is part of the transformation programme.	1	5	0

3.2 Follow - Up Audit Work Completed in the Period

	<u>Follow Up Audit</u>	<u>Opinion</u>	<u>Outstanding Recommendations</u>		
			Fundamental	Significant	Merits Attention
	<u>Homes & Neighbourhoods</u>				
163	Temporary Accommodation Procurement	Limited Assurance: The tender process for temporary accommodation has been completed, but the contracts have still not been finalised so contract management could not be tested sufficiently. The fundamental issue with temporary accommodation is that demand outstrips supply leaving the council vulnerable to being unable to meet immediate need. The service is looking at options to address this. A further audit will be undertaken in 25/26 to re-assess the position.	1	1	0
	<u>Finance</u>				
164	Clients' Finances	Adequate Assurance	0	4	1
165	Business Rates Reliefs & Exemptions	Adequate Assurance	0	2	0
166	Council Tax Data Validation	Adequate Assurance	0	4	1
167	Business Rates Data Validation	Adequate Assurance	0	4	0

	<u>Follow Up Audit</u>	<u>Opinion</u>	<u>Outstanding Recommendations</u>		
	<u>Adults and Health</u>		Fundamental	Significant	Merits Attention
<u>168</u>	Emergency Duty Service	Limited Assurance: The position from the previous follow-up audit review in 2022/23 remains unchanged. Implementation of the 8 outstanding recommendations is needed to strengthen the overall EDS internal control environment. The structure of the service has now been under review for over a year with no progress or changes implemented at present.	0	5	3

3.3 School Audits

<u>169 – 171</u>	Substantial Assurance	4
<u>172 – 177</u>	Adequate Assurance	5
<u>178</u>	Limited Assurance	1
	No Assurance	

4 Investigations and other Audit Activity

4.1 Homes & Neighbourhoods

Fire Safety Reporting and Data Governance

Following identification of under-reporting of issues to the Regulator of Social Housing and subsequent self-reporting, the Service Director commissioned an audit review of the causes and wider areas for improvement.

Although the identification of issues at high rise premises was largely accurate, throughout the estate of properties subject to additional fire safety obligations, there were inconsistencies and uncertainties, misclassification and duplication of information. Not all work that had been completed had been recorded. A previous Head of Assets had decided it was not necessary to report the lowest priority actions, as it was believed that they could be attended to at pace, probably quicker than they could be reported. A backlog of work and various mis-classification issues due to the complexity of recording in the system used. led to a lack of clarity over what actions were required if any, and their completion status. In some cases, more serious issues were not prioritised sufficiently, producing a database that was not sufficiently robust or reliable. The arrangements depended on the diligence of a single individual, with too little supervisory focus to ensure that adequate progress was made. Some key personnel have also left recently leading to a knowledge gap.

4.2 Family Support & Child Protection

Stronger Families Programme

As reported in quarter 2, there has been a change in qualifying criteria for this claim and it was found that data integrity was not adequate and on this basis most of the claim could not be submitted as eligible for SFP support. A smaller claim than forecasted was therefore submitted. Other local authorities have experienced a similar issue. The extraction of data was outsourced for the quarter 3 return, but they were unable to have a sufficient data set by the deadline. Two claims were scheduled for quarter 4. One claim was submitted in the quarter at a lower volume than expected, the impact of which had already been factored into the financial forecast. It has been recommended that additional work is carried out to ensure integrity of the data that is provided to audit for testing as the failure rate was 25% in the current sample.

4.3 Corporate

Annual Governance Statement 2022/23 – Action Plan Update

Progress on managing each of the Significant Governance Issues was reviewed and reported to ELT and CGAC, a process that will also inform compilation of the Draft 2023/24 Statement too.

4.4 Use of cash & P Cards

Corporate Review of expenditure processes- use of cash and P cards

Internal Audit have been assisting a wider council project to increase control over expenditure, and particularly that which is beyond normal arrangements- such as the use of cash and purchasing cards. Various operating locations have been visited. It is likely that cash will remain a small but important part of the councils operations, particularly where these involve the councils relationship with vulnerable clients. There is scope to use alternatives, like purchasing cards for some transactions, and pre-loaded payment cards- as a substitute for some cash use.

4.5 Highways Service

Oakenshaw Cross

This listed monument was damaged by a vehicle in March 2022. The report addresses the decision to dismantle, storage and progress as regards options for relocation or reinstatement, and the formal processes to achieve this.

5. Counter Fraud Work

5.1 Housing and Blue Badge Fraud (in this period)

Investigation Type	New Referrals	Ongoing	Closed Prosecutions	Closed No Fraud Proven or Warning Issued	Applications Cancelled	Properties Returned
Right To Buy	7	31	0	1	4	0
Tenancy Fraud	3	4	0	2	0	0
Blue Badge	53	72	14	13		

5.2 Adult Social Care – West Yorkshire Financial Exploitation and Financial Abuse Team

December YTD (March figures have not been received yet)

Referrals Received	Investigations	Pre-Investigations	Safeguarding Only	Yet to be designated	Closed	Value (£)
2	3	0	1	4	0	137,770

6. Regulation of Investigatory Powers Act investigations

None this period.

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