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

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Thursday 3 February 2022

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 11 February 2022**.

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 Yusra Hussain (Chair)
Councillor Paola Antonia Davies
Councillor Steve Hall
Councillor Susan Lee-Richards
Councillor Kath Pinnock
Councillor Melanie Stephen
Councillor John Taylor

When a Corporate Governance and Audit Committee member cannot be at the meeting another member can attend in their place from the list below:-

Substitutes Panel

Conservative

B Armer
A Gregg
V Lees-Hamilton
R Smith
M Thompson
D Hall

Green

K Allison

Independent

C Greaves
T Lyons

Labour

M Akhtar
E Firth
M Kaushik
J Ramsay
M Sokhal
C Scott

Liberal Democrat

J Lawson
A Marchington
A Munro
A Pinnock

Ex Officio Members

Councillor Paul Davies
Councillor Erin Hill
Councillor Elizabeth Smaje

Agenda

Reports or Explanatory Notes Attached

Pages

1: Membership of the Committee

To receive any apologies for absence, or details of substitutions to the Committee membership.

2: Minutes of Previous Meeting

1 - 2

To approve the Minutes of the meeting of the Committee held on 21 January 2022.

3: Declarations of Interest

3 - 4

Committee Members will be asked to advise if there are any items on the Agenda in which they have a Disclosable Pecuniary Interest, which would prevent them from participating in any discussion or vote on an item, or any other interests.

4: Admission of the Public

Most agenda items will be considered in public session, however, it shall be advised whether Cabinet will consider any matters in private, by virtue of the reports containing information which falls within a category of exempt information as contained at Schedule 12A of the Local Government Act 1972.

5: Deputations/Petitions

The Committee will receive any petitions and hear any 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 hand in a petition at the meeting but that petition should relate to something on which the body has powers and responsibilities.

In accordance with Council Procedure Rule 10 (2), Members of the

Public should provide at least 24 hours' notice of presenting a deputation.

6: Public Question Time

The Committee will hear any questions from the general public.

7: Democracy Commission Update

To receive a verbal update on the work of the Democracy Commission.

Officer: Yolande Myers – Principal Governance Officer

8: Quarterly Report of Internal Audit Q3 2021/22 - October 2021 to December 2021

5 - 8

To receive information about internal audit work in Quarter 2 of 2021/22.

Officer: Martin Dearnley, Head of Risk & Internal Audit

9: 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.

10: Quarterly Report of Internal Audit Q3 2021/22 - October 2021 to December 2021

9 - 18

(Exempt information relating to 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).

To receive exempt information in relation to Agenda Item 7

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Contact Officer: Yolande Myers

KIRKLEES COUNCIL

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Friday 21st January 2022

Present: Councillor Yusra Hussain (Chair)
Councillor Paola Antonia Davies
Councillor Steve Hall
Councillor Susan Lee-Richards
Councillor Kath Pinnock
Councillor John Taylor

Observers: Councillor Paul Davies (Ex-Officio)

1 Membership of the Committee

No apologies for absence were received.

2 Minutes of Previous Meeting

That the Minutes of the previous meeting, held on 24 November 2021 be approved as a correct record.

3 Declarations of Interest

No interests were declared.

4 Admission of the Public

It was noted that all agenda items would be considered in public session.

5 Deputations/Petitions

No deputations or petitions were received.

6 Public Question Time

No questions were asked.

7 Democracy Commission - Terms of Reference for the Committee System Proposal

The Committee considered a report which set out a draft Terms of Reference for the Democracy Commission to carry out a detailed piece of work following the recommendations produced by the Local Government Association in relation to the proposal for a Committee System motion.

The report advised that the Group and Deputy Leaders had considered the draft, and the Committee was advised that the Democracy Commission had now been consulted on the draft Terms of Reference and Timeline.

RESOLVED – That subject to the following amendments, the Terms of Reference be approved:

- i. To review the current model in light of evidence from other Councils/Models and consider whether more inclusive decision making can be achieved
- ii. The Commission will report back to Corporate Governance & Audit committee at every meeting.

8 Treasury Management Strategy 2022/23

The Committee received the Treasury Management Strategy 2022/2023 and associated appendices, in accordance with the CIPFA Code of Practice on treasury management. The report provided information regarding (i) the outlook for interest rates and credit risk, and a recommended investment strategy (ii) the current and estimated future levels of Council borrowing (internal and external) and a recommended borrowing strategy (iii) methodologies adopted for providing for the repayment of debt and a recommended policy for calculating minimum revenue provision (iv) other treasury management matters including the policy on the use of financial derivatives, prudential indicators, the use of consultants and the policy on charging interest to the housing revenue account and (v) a recommended an annual investment strategy in line with MHCLG guidance.

The Committee was advised that the report would be submitted to the meeting of Council (Budget) on 16 February 2022.

RESOLVED – That the Treasury Management Strategy and appendices 2022/23 be noted and referred to the meeting of Council on 16 February 2022.

9 Audit Progress Report

The Committee received the External Audit Progress Report and Sector Update from Grant Thornton External Audit.

The Report set out (i) the progress with the Kirklees work for 2020/21 and 2021/22 (ii) a summary of emerging national issues and developments that may be relevant to the local authority and (iii) a number of challenge questions in respect of the emerging issues which the Committee were asked to consider.

RESOLVED – That the External Audit Progress and Sector Update Report be noted.

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.



Name of meeting: CORPORATE GOVERNANCE & AUDIT COMMITTEE
Date: 11 FEBRUARY 2022
Title of report: QUARTERLY REPORT OF INTERNAL AUDIT Q3 2021/22
 OCTOBER 2021 TO DECEMBER 2021

Purpose of report.

To provide information about internal audit work in quarter 3 of 2021/22

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	not applicable
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports?)	not applicable
The Decision - Is it eligible for call in by Scrutiny?	not applicable
Date signed off by Strategic Director & name	not applicable
Is it also signed off by the Service Director for Finance IT and Transactional Services?	not applicable
Is it also signed off by the Service Director for Legal Governance and Commissioning Support?	not applicable
Cabinet member portfolio	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.

Have you considered GDPR? Yes

1. Summary

1.1 This report sets out the activities of Internal Audit in the third quarter of 2021/22.

- 1.2 A full normal work pattern has not yet been resumed and is unlikely to do so this year. The working patterns of the entire council (“working from home”), and an inability to visit sites (and conducting some such audits virtually) continues to an extent to frustrate the ability to do internal audit work, and provide a strong level of assurance, and or requires substantial additional time for work to be completed (both from the auditor and the client). The extent of shift across the council to hybrid working will impact on future audit achievement and capacity. Although two additional staff will start work during the final quarter, one member of staff has chosen to transfer to another service, and one employee will leave at the end of the (financial) year so further recruitment will be necessary to achieve an adequate level of capacity.
- 1.3 The report provides information about three investigations including alleged overtime issues, misuse of a council vehicle and grant fraud. There are 11 formal completed pieces of work. All the new work had at least adequate assurance- including rent determination, right to buy and 8 schools, and whilst progress has been made on improving the compliance in the appointment of building sub-contractors, there is still a need for consistent practice.
- 1.4 Internal Audit also continued with its activity to support several governance areas and has reviewed certain grants and payment regimes, progress has been made on the “FM Review”, (that should be completed this financial year) and a report on associated parties has been prepared, and the head of audit contributes to discussion on the improvement in corporate governance.
- 1.5 Monitoring of the implementation of matters addressed in the Annual Governance Statement, both relating to 2019/20 and 2020/21 will take place and be reported to a future meeting.
- 1.6 It was agreed at March 2018 Council that this committee consider any surveillance activities under the Regulation of Investigatory Powers Act 2000. There are none this quarter.

2. **Information required to take a decision**

- 2.1 The detail of the audit work performed this quarter is contained within the private Appendix.

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 **Improving outcomes for children**– None directly
- 3.5 **Climate change and air quality**- None directly
- 3.6 **Other (e.g., Legal/Financial or Human Resources)**- Although each of the sub categorisations above suggest no direct implications, the work of internal audit covers all aspects of the Council’s operations, including elements of the above, either specifically, indirectly or on a commissioned basis. The main issues relate to those areas highlighted above- where there are risks associated with basic processing arrangements and delivering sound governance and control.

4. **Consultees and their opinions**

There are no consultees to this report although heads of service/directors are involved in and respond to individual pieces of work

5. Next steps and timelines

- 5.1 To consider if any additional activity is sought. (Limited assurance audit outcomes are routinely followed up)

6. Officer recommendations and reasons

- 6.1 Members are asked to note the Internal Audit Quarterly Report and determine if any further action is sought on any matter identified.
- 6.2 Members are also asked to note that there has been no Regulation of Investigatory Powers Act activity during the period quarter 3 2021/22.

7. Cabinet portfolio holder's recommendations

Not applicable

8. Contact officer

Martin Dearnley, Head of Risk & Internal Audit (01484 221000 x73672)

9. Background Papers and History of Decisions

Previous Quarterly Reports, Audit Plan, and confidential appendix.

10. Service Director responsible

Not applicable

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Document is Restricted

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